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THE CHIVAS REGAL REPORT ON AMERICAN BUSINESS LEADERS:

Executive Attitudes in a Time of Upheaval

Commissioned by Chivas Regal
Conducted by Research & Forecasts, Inc.

THE SPIRIT OF ★★★

THE CHIVAS REGAL REPORT
ON AMERICAN BUSINESS LEADERS:
EXECUTIVE ATTITUDES IN A TIME OF UPHEAVAL

Prepared for Chivas Regal

Conducted by:

Research & Forecasts, Inc.
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TABLE OF CONTENTS

Overview: The Business Leaders' Outlook for the 90s 1

- A. The Impact of Recent World Events 3
- B. An Era of Political Uncertainty 5
- C. A Cloud of Economic Concern 8
- D. The Corporation Under Stress 10
- E. Corporate Stress and the Individual Executive 12
  1. More Work, More Stress, More Executive Insecurity 12
  2. Coping with Stress: It's Lonelier at the Top 13
  3. Military Service and Executive Careers 14
  4. The Renewed Importance of Family and Community 16

Chapter One: A Time to Take Control 18

- A. German Unification, the Relaxation in International Tensions, and the Affordable "Peace Dividend" 19
- B. Social Issues That Personally Distress Executives 24
- C. The Most Serious Threat to the U.S. Economy 27
- D. Spending the "Peace Dividend" 30
- E. Mandatory National Service: An Idea Whose Time Has Come 37

Observations 45

Chapter Two: The Political Arena 47

- A. Concern About Future Presidential Leadership 47
- B. A Deficit Out of Control 49
- C. Increasing the Cost of Government: The S&L Bailout 53
- D. Increasing the Cost of Government: A System of National Health Care 55
- E. The Inevitability of a Tax Increase 61
- F. Tolerating Tax Increases 62
- G. The Urgent Need to Bring the IRS Under Control 64

Observations 71

Chapter Three: Executive Economic Predictions 73

- A. Optimism: The Avoidance of Recession 73
- B. The Most Reliable Economic Indicators 77
- C. A Combination of Growth and Inflation 79
- D. Economic Uncertainties 87
- E. An Era of Greater Pessimism and Caution 90

Observations 92

Chapter Four: The Corporation Under Stress 93

- A. More Cautious Corporate Behavior 93
- B. More Emphasis on Long-Term Planning and Results 98
- C. More External Scrutiny and Regulation 103

Observations 106

Chapter Five: The Individual Executive 107

- A. Work and Stress 108
    1. Working Harder 108
    2. Working with Less Job Security 114
    3. Working Longer 116
    4. Executive Stress 120
    5. Work Life More Stressful Than Home Life 122
    6. How They Cope 126
- B. Military Service and Executive Careers 133
    1. A Demographic Profile of the Executive Veteran 133
    2. Military Careers 135
    3. The Value of Military Service for an Executive Career 143
- C. A Commitment to Family 147
- D. A Renewed Commitment to Public Service 150

Observations 163

Technical Appendix: Methodology and Sample Description 165
Sampling Tolerances 176
Questionnaire

PREFACE

The Chivas Regal Report on American Business Leaders: Executive Attitudes in a Time of Upheaval is part of Chivas Regal's ongoing commitment to support the business community.

This report is the most recent in a series of research studies commissioned by Chivas Regal on timely, relevant business issues. In 1989, for example, ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** explored American attitudes toward personal fulfillment, documenting a shift in priorities away from financial success and toward family and community.

In recognition of progressive business and public service leadership, Chivas Regal underwrites the annual Chivas Regal Extrapreneur Awards to identify and honor the nation's exceptional entrepreneurs and corporate executives who are applying their business skills to address the pressing social, economic and cultural issues facing the country today.

In addition, the Chivas Regal Scholarship and Grant Program provides financial aid and research funding to universities with graduate programs in corporate management, entrepreneurship or public service. To date, this program has made contributions in excess of $200,000.

OVERVIEW: THE BUSINESS LEADERS' OUTLOOK FOR THE '90s

The 1990s have begun in upheaval. The Berlin Wall has fallen, German unity is fast becoming a reality, the Soviet Union has lost its empire in Eastern Europe while lurching toward some form of democracy and market economy, and in South Africa, apartheid is beginning to crumble. Closer to home, governments in Latin America are moving from dictatorship to democracy. Even Canada is reexamining whether or not its union, as presently constituted, can survive the decade to come. At home, the pace of events is no less dizzying and disconcerting as the American economy confronts the aftermath of the collapse of the junk bond market, as the true consequences of the S&L crisis sink in, and as people who once seemed to be "masters of the universe" -- Trump, Milken, Campeau -- fall from economic (and even legal) grace. All this is occurring as Americans read and hear daily about a constantly growing Federal deficit, worsening public schools, medical costs that are beyond the budgets of a significant number of households, and a drug epidemic that rages out of control. They are living in stressful times.

In 1989, ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** focused on a cross section of the American work force -- full-time employees between the ages of 25 and 49 --profiling their attitudes toward work and the changing values in American society. This year, ***The Chivas Regal Report on American Business***

Leaders: Executive Attitudes in a Time of Upheaval turns its attention to the people who are at the helm of America's largest -- the Fortune 1000 -- corporations: Chairmen, CEOs, Presidents, CFOs, Vice Presidents, and Directors. At a time when the American people are anxious about the accelerating and uncertain course of events at home and abroad, it is particularly significant to look at the concerns of senior business executives. By virtue of their leadership role in their companies and in American society itself, their attitudes and predictions about trends in world affairs, the nation's government and economy, corporate life, and the home will provide an anchor in a sea of rapidly unfolding events.

The Chivas Regal Report on American Business Leaders: Executive Attitudes in a Time of Upheaval is a snapshot of leading corporate executives at the beginning of the new decade. By examining their views on specific issues and events abroad and at home, this report will help us understand what all these changes mean to the people who head America's largest corporations. What are the implications of these changes for their companies? How will these changes affect their lives, the lives of their employees, and those of others in our society? Do executives feel helpless in the face of change? Are they more or less anxious than the people who work for them? Do they see opportunities in the years ahead for the country to take control of the events that contribute to the sense of anxiety that so many Americans share?

To answer these questions, the report looks at executives in five interrelated contexts -- think of them as concentric circles with the world on the circumference. As we move toward the center, we shall pass through the nation's political scene, the economy, and the workplace to reach the individual executive at home and in his community to see how he or she copes with the changes and stress inherent in life at the top of America's largest corporations.

Now, let's begin our look at Fortune 1000 executives by observing how recent international developments have affected their outlook on American society.

A. The Impact of Recent World Events

Executives are optimistic about the course of political events in Central and Eastern Europe. They do not see a threat to U.S. interests in the unification of Germany and the collapse of communism in Eastern Europe. To the contrary, these developments help provide the U.S. with the means to take control of the problems that threaten our social and economic well-being.

With the reduction in tension between Washington and Moscow, an opportunity to tackle major social and economic problems comes in the form of a "peace dividend." A majority of executives (76%) favors a cut in defense spending by an average of 19%. When asked how they would advise the president to spend the money, the surprising answers that head their list -- ahead of drugs, health care, and the environment -- are improving the public schools and reducing the Federal deficit.

The priority executives attach to better public schools and deficit reduction reflects their worry about the U.S. economy. Like the public at large, executives are distressed by the drug epidemic, adult illiteracy and a shortage of trained employees, spiraling health care costs, the spread of AIDS, the need to care for the elderly, and poverty as it is reflected in the growing ranks of the homeless and people on welfare. The environment and infrastructure issues such as the lack of adequate public transportation and a shortage of affordable housing for the middle class are other pressing concerns.

Nevertheless, executives agree that, as a threat to the economy, many of these social problems, even increasingly widespread drug abuse, are overshadowed by two more overwhelming problems: 1) the poor quality of America's public schools, and 2) the ever-growing Federal deficit.

Both of these problems carry with them consequences that strike directly at American business' ability to compete at a time when the country seems more vulnerable than ever to foreign competition. Both problems increase the cost of doing business. The poor quality of the public schools, the high level of adult illiteracy, and the real possibility of shortages of both entry-level and skilled workers will ultimately reduce productivity while bidding up the cost of labor. The inflationary effect of the widening Federal deficit will raise the cost of capital and make higher taxes inevitable.

To tackle the country's social problems, more than money is needed. A majority of executives (54%) believes the American people must be mobilized to perform mandatory national public service. The advocates of mandatory national public service want to offer both men and women a choice between military and civilian service. The types of problems that executives want the service to attack are the very social problems that worry executives most. They see national service workers assigned to the public schools to improve education, to work with the homeless and the poor, to serve as hospital workers or in drug treatment programs, or to work on conservation projects. For many executives, the Peace Corps offers a paradigm of how such a service program might be organized.

B. An Era of Political Uncertainty

U.S. political and policy issues worry executives, as does the potential lack of political leadership to tackle them. They are distressed about the Federal government's inability to mount an attack on the deficit. Judging by their prediction that the deficit will increase over the next

12 months at an average rate of 8.6%, the deficit still rages out of control.

Executives in financial services companies and at the largest Fortune 1000 companies ($6 billion+ in revenues) predict a particularly steep increase in the growth of the deficit.

There is worry, too, that despite the "peace dividend," the government's ability to tame the deficit will be undone by several issues. As ever-increasing estimates of the ultimate cost of the S&L bailout make headlines, executives are split over whether or not the Bush Administration's rescue plan for the S&L industry can work.

Additionally, as companies grapple with the issue of controlling the cost of health care benefits, executives predict that the private sector will ultimately need help from Washington. They say that more companies will offer flexible "cafeteria" benefit plans to help employees manage their benefits. More and more companies will offer employees "elder care" benefits to help them care for aging parents or relatives. But, the spiraling, seemingly uncontrollable costs of health care will, executives predict, force the establishment of a costly national health care program by the end of the decade.

Given these fiscal pressures, executives were in agreement even before President Bush said "increased tax revenues" were necessary that an increase in Federal income taxes and local and state taxes would be all but inevitable within the next two years. While tax increases would be unpopular, executives say they would willingly pay more *personal* or *corporate* taxes if they knew that the additional revenues involved "targeted spending" -- spending to solve problems for which the monies are being specifically raised. This reflects a lack of confidence among executives in the government's ability to spend its revenues responsibly.

When it comes to collecting these revenues, there is a lack of confidence in the IRS. Executive hostility to the agency runs deep. It goes beyond the resentment that one might expect from a relatively affluent group with a lot to lose to the tax collector. Their negative attitudes represent a feeling that the IRS is abusive and out of control. Inadequately monitored, administering an overly complex tax code that its own bureaucracy cannot explain accurately and clearly, following quasi-legal procedures that appear to be stacked against the citizen, the agency is seen as unfair, punitive, and inefficient. That the agency collects as much revenue as it does on a regular basis is obscured by these attitudes.

Perhaps the most disheartening executive concern is that with the attendant problems the U.S. must overcome, there will be an absence of political leadership at the top to guide the country through these problems: Over half of the executives interviewed worry about the shortage of adequate candidates for the U.S. presidency in the future.

C. A Cloud of Economic Concern

Despite their concerns over the political scene and policy issues, executives are optimistic about the health of the U.S. economy both near- and long-term. Their optimism is guarded, however, *particularly among senior corporate officers (Senior and Executive Vice Presidents, CFOs, Presidents, and CEOs) who are more pessimistic than others about the U.S. economic outlook.* They feel there will not be a recession in the next 12 months, and the expansion will continue into its seventh straight year. But, despite a forecast that the GNP will grow at a rate of 4.4% over the next 12 months and the Dow Jones Industrial Average by a rate of 7.8%, they do not believe there will be a reduction of the ranks of the unemployed. There will simply not be an economic boom.

The lack of strong economic growth reflects the widely held belief that there is no end in sight to the inflationary pressures on the economy. A majority of executives (63%) predicts inflation will increase at a rate of 6.2%, fueled by a Federal deficit that is predicted to grow at 8.6% and by crude oil prices that are likely to increase at a rate of 8.5%. Still, many executives expect wages to stay slightly ahead of inflation.

There is uncertainty over the direction of long-term interest rates, with executives split evenly between those who predict an increase and those who think they will stay the same. Relatively fewer (22%) say rates will decline. The outlook for the prime rate is much the same. Executives are also evenly divided between those who predict an increase and those who predict stability in the dollar's value relative to major foreign currencies such as the yen and deutsche mark. There is perhaps more uncertainty over the trade deficit, as executives are divided in near even thirds over whether the deficit will grow, stay the same, or diminish over the next 12 months.

Economic pessimism increases as one moves up the corporate ladder. *Executives at the very top of the corporate hierarchy -- from Senior and Executive Vice Presidents to CEOs -- tend to be even more pessimistic about the economy than are other executives. Though they are less likely to predict the growth of inflation, these senior-most executives are more likely than other executives to say that a recession is possible in the next 12 months, the Dow will grow slowly, and the unemployment rate will increase.* Not surprisingly, given their economic predictions, corporate executives as a group are more likely than working Americans to see the coming decade as a period of "greater caution and savings rather than increased buying and spending," according to a comparison between ***The Chivas Regal Report on Working Americans*** and this study of business leaders.

D. Economic Uncertainty and the Executive Workplace: The Corporation Under Stress

At a time of economic uncertainty, the corporate excesses of the '80s are giving way to the cautionary behavior of the '90s. In reaction to the '80s, corporate growth will no longer be fueled the way it was by mergers, acquisitions, and junk bonds; large stockholders and the government will watch over corporate activities more closely; and the long-range strategic planner, rather than the Wall Street deal maker, is likely to become the new corporate hero.

In the coming decade, as the pace of mergers and acquisitions slows, corporations will find it cheaper to rely on equity financing rather than debt. More breakups of conglomerates are predicted.

More external scrutiny of corporate behavior from large stockholders such as pension funds can be anticipated. The idea of pension fund representatives sitting on corporate boards is more likely to be seen as a hindrance than a help to corporate management; however, executives predict that over the coming decade pension fund representatives taking seats on corporate boards will become a reality.

More government regulation, too, is expected, as executives predict that the states will pass more restrictive legislation governing mergers and acquisitions. Many also think Federal legislation will be required to protect both employee-benefit programs in companies acquired through LBOs and pension funds that are heavily invested in junk bonds. Many executives doubt that the SEC will outlaw "Golden Parachutes" outright, though senior corporate officers, from Senior Vice Presidents to CEOS, are more likely than other executives to think that this will come to pass, possibly because they have the most to lose should this occur.

Even more than working Americans did in ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s***, corporate executives agree that the attractiveness of Wall Street careers has diminished radically. The new corporate heroes may well turn out to be the long-range planners and the executives who champion them. *A majority of executives predicts the 1990s will see more emphasis on long-range results as opposed to the short-term profit taking that characterized the '80s*. Mirroring the declining attractiveness of Wall Street jobs is the expectation that long-range planning functions, with the mandate to guide the corporation through the uncertainties of the economy, will become more important in U.S. companies over the next five years.

E. Corporate Stress and the Individual Executive

1. More Work, More Stress, More Executive Insecurity

Corporate stress is taking its toll on executives in their personal lives as well as in the workplace. Comparison with ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** shows that while a bare majority of working Americans said in 1989 that they were working harder than they were five years ago, slightly over six in ten of the corporate executives interviewed now say that they are spending more time on their jobs -- on average, 24% more time.

Working harder does not necessarily create a sense of potential reward through greater job security. In fact, executives today feel less secure in their current jobs. While a third of the executives interviewed feel equally secure compared to five years ago, only one in five feels more secure and four in ten feel less secure. *Feelings of job insecurity are higher among executives at the larger Fortune 1000 companies, those with $2 billion or more in revenues. There is more job insecurity among younger executives, too.* Again, comparison with ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** reveals that there is more insecurity at the top of the corporation than in the ranks below as blue- and grey-collar Americans are half as likely as executives to say that they have less job security than they had five years ago (19% working Americans vs. 43% business leaders).

Executives are not only working longer hours, but anticipate they will be putting in more years. A majority of executives agrees that given current and projected economic conditions, baby boomers will tend to retire at a later age than their parents did. Retirement at age 65 may become a thing of the past. But, many senior corporate executives are less likely than other executives to agree that corporations should refrain from pressuring people to retire by age 70.

2. Coping with Stress: It's Lonelier at the Top

Comparison with ***The Mitchum Report on Stress in the 90s*** shows executives are more likely than the average American adult to report having "a lot" of stress in their lives (35% business leaders vs. 26% adults in the ***Mitchum*** study), a finding that is no surprise given the pressures that executives say they bear. Younger executives -- those under 45 -- seem to have more stress than their older counterparts. Not only are they likely to feel less secure in their jobs, but they are more likely to report that work-related stress spills into their home lives as well.

It is probable that younger executives also lack the experience that comes with age to help them cope with work-related stress. Executives age 45 or older are more likely to say that they deal "very effectively" with the stress in their lives.

To control stress, executives are most likely to talk to someone close such as spouses (80%), business associates, or friends (61%), exercise (75%), get involved in a hobby or favorite recreational activity (75%), or spend time alone (55%). Some also report enjoying a drink (35%) and taking time off from work (33%). Less frequently mentioned (but nonetheless noteworthy) ways to relieve stress are prayer (27%), eating a favorite food (24%), sex (23%), and meditation (20%). Exercise (39%) is most often mentioned as the *most* effective stress reliever, scoring well ahead of the second and third most effective ways to relieve stress: getting involved with a favorite hobby or recreational activity (15%) or talking to one's spouse or companion (12%).

Yet, as executives move to the top of the corporate ladder, they rely more on their own inner resources to control stress. Senior corporate officers are less likely to talk to their spouses, friends, or associates to relieve stress, and more likely than more junior executives to find that spending time *alone by themselves* is the most effective way to bring stress under control. Senior corporate officers are less likely than more junior executives to mention sports and exercise as the most effective way to relieve stress.

3. Military Service and Executive Careers

A little less than half of the executives interviewed are veterans. Their attitudes toward the value of their military experience for corporate life, especially those of the younger, Vietnam-era veterans (those under 50 years old), offer a positive contrast to the often-negative portrayal of military experience in the popular media, including Hollywood.

Military experience, many executive veterans say, has helped them manage more effectively and move ahead in corporate life. While most executive veterans feel this way, this attitude is especially strong among younger, Vietnam-era veterans. They are more likely than their older counterparts to agree that their military experience helped them to understand large organizations, make decisions quickly during corporate crises, and prepare them for a career as a manager. There is even some indication that the preparation for an executive career provided by military service may help some executives deal more effectively with stress.

There is also a strong correlation between service as a commissioned officer and the achievement of senior-level management positions, suggesting that Vietnam-era veterans who were officers can be expected to be found at the highest levels of U.S. companies over the next decade. At the same time, many veterans, especially the younger ones, are concerned that many managers today have not had military experience.

4. The Renewed Importance of Family and Community

Despite the pressures of their professional lives, most corporate executives are family oriented. According to ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s***, executives are more likely than working Americans to predict a return to family values in American life. Younger, baby-boomer executives (those under 45) are, however, more in agreement with the working Americans of their generation than with older executives in finding more personal fulfillment in their *family life* rather than their *work life*. Older executives are more likely than younger ones to say that work and family are *mutually* fulfilling.

Executives' commitment to work and family spills into the community. A large majority of executives is strongly committed to the ethic of public service. Comparison with ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** shows that seven out of ten executives, as compared to 58% of working Americans, "strongly agree" that "performing public service is an important value in our society today." Further comparison with working Americans shows that executives are also more likely to predict "a greater concern for others in the community."

Executives act on this commitment, devoting an average of 5.4 hours weekly to public service work. A near two-thirds majority says that companies should encourage community spirit with more than words by allowing employees to volunteer days off with pay -- on average, close to four (3.8) days -- in community service.

Clearly, ***The Chivas Regal Report on American Business Leaders: Executive Attitudes in a Time of Upheaval*** presents several surprising results, including the priority that executives attach to solving the twin problems of poor-quality public education and reducing the Federal deficit, their deep concern about the ability of the Federal government to solve the S&L crisis, their prediction that a national health care system will become a reality, their worry that the IRS is both abusive and out of control, their prediction that corporations will face more external scrutiny and regulation, and the feelings of job insecurity and stress that are particularly widespread among the younger baby-boomer executives. Their anxieties and predictions testify to the rapid social changes they are witnessing, and to the types of changes that will be necessary if the U.S. is to master the challenges of the decade to come.

CHAPTER ONE: A TIME TO TAKE CONTROL

With rapid and dramatic changes in the international scene, symbolized by the fall of the Berlin Wall and German unification, executives believe that the start of the decade opens up new opportunities to take control of fundamental economic and social problems here in the U.S.

- *Major personal concerns of U.S. executives are drug abuse, growing health care costs, the poor quality of public education, the spread of AIDs, the environment, the need to care for the elderly, the expanding Federal deficit, and infrastructure issues such as the lack of adequate public transportation and sufficient housing for the middle class.*
- *There is widespread agreement among executives that the problems that pose the greatest danger to the U.S. economy are poor-quality schools and an ever-growing Federal deficit.*
- *Executives believe there is a "peace dividend." Their views on how to spend it reflect their concern about the nation's ability to compete internationally rather than the social issues that distress them most. Executives advocate cutting the defense budget and spending the "peace dividend" to improve public education and reduce the deficit.*
- *More than money is needed: Executives favor mobilizing Americans to attack the most pressing social problems by establishing mandatory national service for all U.S. citizens.*

A. German Unification, the Relaxation in International Tensions, and the Affordable "Peace Dividend"

Executives predict a rapid solution to the issue of German unification on terms acceptable to both the U.S. and Soviet Union. Many of them say that a united Germany will be a reality by the end of 1990 (62%). There is widespread agreement that when "West and East Germany unite, there should be no change in their current borders with other countries" (82%), and, furthermore, that "a united Germany must belong to NATO" (73%). Most executives are confident, too, "that Gorbachev will accept a united Germany" (87%). Many executives doubt that German unity "is a serious threat to the formation of a united European Community in 1992" (only 18% agree) and that "a united Germany is a bigger threat to U.S. business than the united European Economic Community is" (only 29% agree). (Table I-1)

TABLE I-1

Q.23 AGREEMENT WITH STATEMENTS ABOUT DEVELOPMENTS IN GERMANY -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUBLICAN	DEMOCRAT	INDEP. /OTHER
BASE	251	51	134	50	154	52	41
GORBACHEV WILL ACCEPT UNITED GERM.	87%	92%	84%	90%	91%	81%	85%
SHOULD BE NO CHANGE IN CURRENT BORDERS	82%	88%	79%	80%	84%	77%	83%
UNITED GERMANY MUST BELONG TO NATO	73%	73%	75%	68%	73%	73%	78%
GERMANY WILL BE UNIFIED BY YEAR END	62%	71%	58%	56%	60%	60%	76%
UNITY THREAT TO U.S. BUSINESS	29%	33%	26%	36%	31%	29%	24%
UNITY THREAT TO FORMATION OF EEC	18%	16%	18%	24%	19%	21%	10%

Senior corporate officers appear to be especially optimistic about German unity occurring in 1990 (71% vs. 58% Vice Presidents and 56% Directors). They are also more likely to agree that there should be no change in Germany's borders (88% vs. 79% Vice Presidents and 80% Directors). Interestingly, Republicans are even more optimistic than Democrats are about the possibility of German unity by the end of 1990 (91% vs. 81% Democrats). (Table I-1)

When asked if "with the collapse of communism in Eastern Europe, the U.S. can afford a 'peace dividend,' that is, a cut in the defense budget," a large majority of executives (76%) says "yes" (Table I-2). They say that the U.S. can afford, on average, a "peace dividend" of 19% (Table I-3). Support for the "peace dividend" appears to be higher in companies that have at least $2 billion in annual revenues than in the smaller Fortune 1000 companies (82%, $2-5.9 billion in revenues and $6 billion+ revenues vs. 66% under $2 billion). (Table I-2)

TABLE I-2

Q.24 WITH THE COLLAPSE OF COMMUNISM IN EASTERN EUROPE, SOME EXPERTS HAVE ARGUED THAT THE U.S CAN AFFORD A SO-CALLED "PEACE DIVIDEND". DO YOU...

		COMPANY REVENUES			POLITICAL PARTY		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	81	76	94	154	52	41
AGREE	76%	66%	82%	82%	77%	73%	76%
DISAGREE	18%	28%	13%	12%	18%	19%	17%
DON'T KNOW/NO ANS	6%	6%	5%	6%	5%	8%	7%

TABLE I-3

Q.24A IN PERCENTAGE TERMS, HOW MUCH CAN WE AFFORD TO CUT THE DEFENSE BUDGET?
BASE: AGREE THAT U.S. CAN AFFORD "PEACE DIVIDEND"

		COMPANY REVENUES			POLITICAL PARTY		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	192	53	62	77	120	38	31
UNDER 5%	7%	13%	8%	3%	10%	5%	-
5-9%	8%	19%	5%	3%	11%	3%	3%
10-14%	19%	11%	23%	22%	18%	24%	16%
15-19%	11%	17%	13%	6%	11%	11%	16%
20-24%	24%	23%	26%	23%	22%	26%	33%
25-29%	18%	15%	19%	18%	20%	13%	17%
30-34%	7%	8%	3%	10%	8%	5%	6%
35-39%	1%	-	-	3%	1%	3%	-
40% OR MORE	5%	2%	5%	6%	3%	11%	3%
DON'T KNOW/NO ANS	5%	4%	3%	6%	5%	3%	6%
MEAN	19.01	17.06	18.42	20.89	18.49	20.65	19.21

The size of the "peace dividend" that the U.S. can afford increases with company size, from 17.1% among the smallest Fortune 1000 firms (under $2 billion in revenues) to 18.4% among firms with $2-5.9 billion in revenues, and close to 21% (20.9%) among the largest firms ($6 billion+ in revenues). While Republicans and Democrats are equally likely to favor a peace dividend (77% Republican; 73% Democrat; 76% independent), Democrats are likely to favor a somewhat larger cut of nearly 21% (20.7%), compared to 18.5% for Republicans and 19.2% for independents (Tables I-2,3).

With the prospect of a more peaceful relationship with the Soviet Union, "the threat of nuclear war" ranks at the very bottom of the list of issues that concern executives, with only one executive out of three (32%) being "very" or "somewhat distressed" by this possibility (see Table I-4 in the following section). They are far more likely to be distressed by a host of domestic social and economic problems.

B. Social Issues That Personally Distress Executives

Regardless of age, income, or level of management, U.S. corporate executives agree on the social issues that personally distress them most: drugs, the poor quality of public education and its consequences, adult illiteracy and a shortage of trained employees, spiraling health care costs as well as the challenges of the spread of AIDS and caring for the elderly, poverty as reflected in the growing ranks of the homeless and people on welfare, the size of the Federal deficit, the environment, and infrastructure issues such as the lack of adequate public transportation and a shortage of affordable housing for the middle class.

The percentages of executives who are "very" or "somewhat" distressed personally by these issues underscores their seriousness. Virtually all executives are distressed by the drug problem (98%), growing health care costs (97%), the quality of public education (95%), the spread of AIDS (93%), and environmental pollution (92%). Large majorities are also distressed by the size of the Federal deficit (89%), providing care for the elderly, the growing number of people on welfare, and the plight of the homeless (88% each), the lack of technically skilled employees (84%), adult illiteracy (81%), racial tension (77%), and the lack of affordable housing for the middle class (75%). Close to two executives out of three are distressed by the shortage of people to fill entry-level positions (67%) and the lack of adequate public transportation systems (62%). Significantly, the one issue that distresses less than half of the executives is, as noted before, the threat of nuclear war (32%). (Table I-4)

TABLE I-4

Q.16 HOW DISTRESSING IS EACH OF THE FOLLOWING -- SUMMARY TABLE OF "VERY/SOMEWHAT DISTRESSED" RESPONSES

	TOTAL
BASE	251
THE DRUG PROBLEM	98%
GROWING HEALTH CARE COSTS	97%
THE QUALITY OF PUBLIC EDUCATION	95%
THE SPREAD OF AIDS	93%
ENVIRONMENTAL POLLUTION	92%
THE SIZE OF THE FEDERAL DEFICIT	89%
PROVIDING CARE FOR THE ELDERLY	88%
GROWING NUMBER OF PEOPLE ON WELFARE	88%
THE PLIGHT OF THE HOMELESS	88%
LACK OF TECHNICALLY SKILLED EMPLOYEES	84%
ADULT ILLITERACY	81%
RACIAL TENSION	77%
LACK OF AFFORDABLE MIDDLE CLASS	75%
SHORTAGE OF PEOPLE TO FILL ENTRY-LEVEL	67%
LACK OF ADEQUATE PUBLIC TRANSPORTATION	62%
LACK OF SUITABLE CANDIDATES FOR PRESIDENT	57%
THE THREAT OF NUCLEAR WAR	32%

C. The Most Serious Threat to the U.S. Economy

The list of problems that executives see as threatening the U.S. economy most is narrower than the list of problems that distress them personally. Education-related problems -- the quality of public education, adult illiteracy, and the shortage of both skilled and entry-level employees -- head the list of issues that threaten the economy most, named as they are by a third of the executives (32%). The size of the Federal deficit is named by one executive in four (24%). Both issues -- education and the deficit -- outweigh even the drug problem (15%), health care-related problems (14% including growing health care costs 9%, providing care for the elderly 3%, and the spread of AIDS 2%), and environmental pollution (8%). (Table I-5)

TABLE I-5

Q.16A OF ALL THESE ISSUES, WHICH ONE ISSUE POSES THE MOST SERIOUS THREAT TO OUR ECONOMY?

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	51	134	50	154	52	41
THE QUALITY OF PUBLIC EDUCATION	24%	14%	29%	28%	21%	30%	28%
THE SIZE OF THE FEDERAL DEFICIT	23%	26%	25%	14%	24%	22%	18%
THE DRUG PROBLEM	15%	14%	15%	12%	16%	12%	13%
GROWING HEALTH CARE COSTS	9%	8%	8%	14%	12%	4%	5%
ENVIRONMENTAL POLLUTION	8%	6%	7%	14%	7%	10%	12%
PROVIDING CARE FOR THE ELDERLY	3%	8%	2%	-	3%	2%	7%
SHORTAGE OF PEOPLE TO FILL ENTRY-LEVEL	3%	4%	1%	4%	3%	2%	2%
LACK OF TECHNICALLY SKILLED EMPLOYEES	3%	2%	3%	4%	3%	-	5%
ADULT ILLITERACY	2%	4%	1%	2%	1%	6%	-
GROWING NUMBER OF PEOPLE ON WELFARE	2%	-	1%	2%	1%	4%	2%
THE SPREAD OF AIDS	2%	4%	1%	-	1%	-	2%
LACK OF ADEQUATE PUBLIC TRANSPORTATION	1%	-	1%	2%	1%	-	2%

TABLE I-5 CONTINUED

	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
LACK OF SUITABLE CANDIDATES FOR PRESIDENT	-	2%	-	-	1%	-	-
THE THREAT OF NUCLEAR WAR	-	-	1%	-	-	-	2%
LACK OF AFFORDABLE HOUSES MIDDLE CLASS	-	-	1%	-	1%	-	-
RACIAL TENSION	-	-	-	-	-	-	-
THE PLIGHT OF THE HOMELESS	-	-	-	-	-	-	-
DON'T KNOW/NO ANS	5%	8%	4%	4%	5%	8%	2%

D. Spending the "Peace Dividend"

Executive recommendations for spending the "peace dividend" reflect their assessment of the two issues that pose the greatest danger to the U.S. economy: poor public schools and the Federal deficit. Half of the executives (50%) advise spending the "peace dividend" on two closely related problems, education and poverty. Among these executives, the emphasis is on improving education and eliminating illiteracy (39%) rather than on homelessness (15%) or social services (9%). Rivaling education as a spending priority is the Federal deficit: 41% want to apply the "peace dividend" to reducing the deficit or taxes, about as many who want to spend the dividend on improving public education (39%). (Table I-6)

About one executive in five (19%) would like to see the "peace dividend" spent on medical/health problems, including health care in general (9%), caring for the elderly (8%), and AIDS research (2%). One executive in six (16%) wants to spend the money on either the environment (8%) or rebuilding our transportation infrastructure (8%). Surprisingly, only one executive in six (15%) would use the money to fight the drug problem, which poses an ever-increasing threat to the country and which is closely interrelated to issues of education, AIDS, poverty, and welfare. (Table I-6)

TABLE I-6

Q.24B IF THE PRESIDENT WERE TO ASK YOU HOW THE PEACE DIVIDEND COULD BE SPENT, WHAT WOULD YOU TELL HIM TO DO WITH THE MONEY?
BASE: AGREE THAT U.S. CAN AFFORD "PEACE DIVIDEND"

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	192	41	99	43	120	38	31
EDUCATION/POVERTY (Net)	50%	37%	53%	58%	47%	61%	52%
EDUCATION/ ADULT LITERACY	39%	32%	37%	49%	34%	50%	42%
THE HOMELESS/ HOMELESS PROBLEM	15%	10%	17%	19%	14%	21%	13%
SOCIAL SERVICES	9%	-	11%	12%	7%	13%	13%
HELP THE HUNGRY/ REDUCE HUNGER	1%	-	-	2%	-	-	3%
REDUCE DEFICIT/ TAXES (Net)	41%	51%	37%	33%	48%	32%	29%
THE DEFICIT/REDUCE FEDERAL DEFICIT	39%	49%	35%	30%	46%	29%	29%
LOWER TAXES	3%	2%	3%	2%	3%	3%	-
ENVIRONMENT/ INFRASTRUCTURE (Net)	16%	17%	13%	19%	14%	21%	13%
ENVIRONMENT	8%	10%	5%	14%	8%	11%	6%
INFRASTRUCTURE/ ROADS/BRIDGES/ETC	8%	7%	8%	5%	6%	13%	6%
DRUG PROBLEM	15%	10%	18%	14%	15%	11%	19%

TABLE I-6 CONTINUED

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
HEALTHCARE	9%	2%	10%	14%	10%	11%	3%
AIDS/AIDS RESEARCH	8%	5%	8%	7%	8%	13%	3%
HELP THE ELDERLY	2%	2%	1%	2%	2%	-	3%
GIVE MONEY TO LOCAL GOVERNMENT	2%	2%	2%	-	2%	3%	-
HELP EASTERN EUROPE	1%	-	2%	-	1%	-	-
PEACE CORPS	1%	2%	-	-	1%	-	-
DON'T KNOW/NO ANS	4%	5%	3%	5%	3%	5%	6%

In one crucial respect, senior corporate officers differ from other executives in their spending priorities. Senior corporate officers are more likely to advocate spending the "peace dividend" on deficit and tax reduction (51%) than on education and poverty (37%), a position that may reflect, at least in part, their relatively high household incomes. Among Vice Presidents and Directors, spending preferences are reversed, with slightly over half in each group mentioning education and poverty (53% Vice Presidents and 58% Directors) and a smaller proportion, a third or slightly more, favoring spending the money on deficit and tax reduction (37% Vice Presidents and 33% Directors). (Table I-6)

As might be expected, Republicans and Democrats differ in their spending preferences. Though Democrats are somewhat more likely than Republicans to say that they are distressed by the Federal deficit (94% vs. 86% Republicans), Republicans are more likely than Democrats to advocate applying the "peace dividend" to deficit and tax reduction (48% vs. 32% Democrats), but less likely than Democrats to favor spending it on education and poverty (47% vs. 61% Democrats). Differences between the two parties are particularly notable with respect to willingness to spend the money on education (34% Republicans vs. 50% Democrats).

These differences in spending preferences reflect the general tendency of Democrats to be more concerned by social issues. They are more likely than Republicans to say that they are "very distressed" by environmental pollution (58% vs. 44% Republicans), the plight of the homeless (50% vs. 32% Republicans), providing care for the elderly (40% vs. 25% Republicans), and racial tension (35% vs. 18% Republicans). (Tables I-6,7).

Independents tend to be closer to the Democrats than to Republicans on most of these issues, except in the case of the plight of the homeless (Table I-7).

TABLE I-7

Q.16 HOW DISTRESSING IS EACH OF THE FOLLOWING -- SUMMARY TABLE OF "VERY DISTRESSED" RESPONSES

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	51	134	50	154	52	41
THE DRUG PROBLEM	80%	88%	80%	74%	81%	79%	80%
THE QUALITY OF PUBLIC EDUCATION	59%	49%	61%	54%	58%	54%	71%
GROWING HEALTH CARE COSTS	57%	69%	54%	48%	60%	58%	46%
THE SPREAD OF AIDS	53%	47%	57%	44%	52%	60%	51%
THE SIZE OF THE FEDERAL DEFICIT	51%	57%	47%	52%	49%	54%	56%
ENVIRONMENTAL POLLUTION	49%	39%	49%	52%	44%	58%	59%
ADULT ILLITERACY	37%	47%	34%	32%	38%	35%	37%
GROWING NUMBER OF PEOPLE ON WELFARE	37%	43%	34%	42%	36%	38%	39%
THE PLIGHT OF THE HOMELESS	35%	33%	37%	32%	32%	50%	29%
PROVIDING CARE FOR THE ELDERLY	30%	29%	32%	28%	25%	40%	34%
RACIAL TENSION	25%	22%	28%	20%	18%	35%	39%
LACK OF SUITABLE CANDIDATES FOR PRESIDENT	22%	22%	22%	24%	21%	25%	24%

TABLE I-7 CONTINUED

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
LACK OF TECHNICALLY SKILLED EMPLOYEES	22%	18%	25%	18%	21%	29%	17%
SHORTAGE OF PEOPLE TO FILL ENTRY-LEVEL	19%	20%	23%	10%	19%	19%	22%
LACK OF AFFORDABLE HOUSES MIDDLE CLASS	16%	14%	16%	18%	14%	21%	20%
LACK OF ADEQUATE PUBLIC TRANSPORTATION	15%	16%	13%	18%	12%	17%	22%
THE THREAT OF NUCLEAR WAR	9%	12%	9%	8%	8%	15%	5%

E. Mandatory National Service: An Idea Whose Time Has Come

Judging by their reaction to the idea of mandatory national service, many executives believe that solutions to the nation's social problems will require not merely more money, but mobilization of the American people as well. A majority of executives agrees "that all U.S. citizens should be obligated to perform some type of mandatory national service" (54% agree vs. 42% disagree, and 4% don't know). This concept is especially popular among Democrats (63%) and independents (61%) as compared to Republicans (51%). It also draws more support in the form of "strong agreement" from older executives (31% age 45+ vs. 18% under 45). (Table I-8)

TABLE I-8

Q.22 SOME PEOPLE BELIEVE THAT ALL U.S. CITIZENS SHOULD BE OBLIGATED TO PERFORM SOME TYPE OF MANDATORY NATIONAL SERVICE. DO YOU...

		AGE		POLITICAL PARTY			VETERAN	
	TOTAL	25-44	45 OR OLDER	REPUBLICAN	DEMOCRAT	INDEP. /OTHER	YES	NO
BASE	251	105	143	154	52	41	105	146
NET AGREE	54%	50%	58%	51%	63%	61%	68%	45%
AGREE STRONGLY	25%	18%	31%	26%	27%	22%	38%	16%
AGREE SOMEWHAT	29%	32%	27%	25%	37%	39%	30%	29%
NET DISAGREE	41%	43%	39%	47%	31%	32%	32%	48%
DISAGREE SOMEWHAT	28%	29%	27%	31%	21%	22%	19%	34%
DISAGREE STRONGLY	14%	14%	13%	16%	10%	10%	13%	14%
DON'T KNOW/NO ANS	4%	7%	3%	3%	6%	7%	-	8%

Similarly, while executive veterans do not favor the draft over the all-volunteer army (maintain the volunteer army, 77%), they are more likely than nonveterans among executives to favor mandatory national service (68% vs. 45% nonveterans). Support for mandatory national service is especially strong among younger, Vietnam-era veterans (79% veterans under 50 years old vs. 63%, veterans age 50+). (Tables I-8, 9, V-23)

TABLE I-9

Q.22 SOME PEOPLE BELIEVE THAT ALL U.S. CITIZENS SHOULD BE OBLIGATED TO PERFORM SOME TYPE OF MANDATORY NATIONAL SERVICE. DO YOU...

		VETERANS	
	TOTAL	UNDER AGE 50	AGE 50+
TOTAL	251	34	70
NET AGREE	54%	79%	63%
AGREE STRONGLY	25%	50%	33%
AGREE SOMEWHAT	29%	29%	30%
NET DISAGREE	41%	21%	37%
DISAGREE SOMEWHAT	28%	12%	23%
DISAGREE STRONGLY	14%	9%	14%
DON'T KNOW/NO ANS	4%	-	-

That the advocates of mandatory national service overwhelmingly favor a choice between military and civilian service (92%) over purely military service (4%) shows that they see national service as a useful way to attack basic social problems (Table I-10).

TABLE I-10

Q.22A DO YOU THINK THAT MANDATORY NAT'L SERVICE FOR ALL SHOULD BE EXCLUSIVELY MILITARY, OR A CHOICE BETWEEN MILITARY OR CIVILIAN SERVICE?

BASE: BELIEVE ALL CITIZENS SHOULD PERFORM NATIONAL SERVICE

		POLITICAL PARTY			VETERAN	
	TOTAL	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER	YES	NO
BASE	136	78	33	25	71	65
SHOULD BE MILITARY	4%	6%	-	4%	6%	3%
SHOULD BE A CHOICE	92%	91%	94%	92%	90%	94%
DON'T KNOW/NO ANS	4%	3%	6%	4%	4%	3%

The specific types of nonmilitary national service that executives envision reflect the importance they attach to reducing poverty and improving our schools. Over four executives in ten (42%) would like to see people perform services that attack poverty and poor education. Among the executives who mention reducing poverty (31%), key services include working with the homeless or the poor (18%) or general social services (12%). Among the executives who mention improving education (26%), most say that mandatory national-service workers should be assigned to the public schools (22%), and a few (6%) refer specifically to eliminating illiteracy (6%). (Table I-11)

After poverty and education, executives also mention national service to protect the environment and rebuild the nation's infrastructure (33%), with the environment being mentioned more often (24%) than infrastructure (8%) or housing construction (5%). (Table I-11)

One executive in four (26%) thinks that national service in the medical area could provide hospital workers (14%), as well as people to care for the elderly (8%) or work in drug treatment programs (6%). (Table I-11)

Previous national-service programs such as the Peace Corps and Vista, though they were voluntary rather than mandatory, still exert appeal as models for any future mandatory national-service programs. Almost three executives in ten (29%) refer to them, with the Peace Corps being named more often than Vista (24% vs. 10% Vista). Veterans are more likely than nonveterans to refer to the Peace Corps or Vista as the type of national service in which people should serve (39% vs. 18% nonveterans). With their stronger sense of distress over domestic social issues (and, it can be speculated, stronger attachment to the heritage of the Kennedy-Johnson social programs of the '60s), Democrats are more likely than Republicans to mention the Peace Corps and Vista (39% vs. 27% Republicans and 22% independents). (Table I-11)

Again, with their higher level of distress over social issues, Democrats are more likely than Republicans to want to see people perform national service involved with reducing poverty (39% vs. 25% Republicans) and, especially, working with the homeless and poor (26% vs. 13% Republicans), working on environmental or conservation projects (39% vs. 20% Republicans), and working in hospitals (29% vs. 11% Republicans). (Table I-11)

TABLE I-11

Q.22B OTHER THAN MILITARY SERVICE, WHAT TYPES OF NATIONAL SERVICE WOULD YOU LIKE TO SEE PEOPLE PERFORM?
BASE: BELIEVE THERE SHOULD BE CHOICE BETWEEN MILITARY AND CIVILIAN SERVICE

		POLITICAL PARTY			VETERAN	
	TOTAL	REPUBLICAN	DEMOCRAT	INDEP. /OTHER	YES	NO
BASE	125	71	31	23	64	61
EDUCATION/POVERTY (Net)	42%	38%	42%	57%	41%	44%
POVERTY (Subnet)	31%	25%	39%	39%	31%	31%
WORKING WITH HOMELESS/THE POOR	18%	13%	26%	26%	19%	18%
SOCIAL SERVICES	12%	11%	16%	9%	11%	13%
HOUSING CONSTRUCTION	5%	3%	3%	13%	3%	7%
REDUCE/ELIMINATE HUNGER/FEED POOR	1%	1%	-	-	2%	-
EDUCATION (Subnet)	25%	24%	19%	35%	25%	25%
EDUCATION/ PUBLIC EDUCATION	22%	23%	16%	26%	22%	21%
REDUCE/ELIMINATE ILLITERACY	6%	4%	6%	9%	5%	7%
ENVIRONMENT/ INFRASTRUCTURE (Net)	33%	28%	45%	30%	27%	39%
ENVIRONMENT/ CONSERVATION	24%	20%	39%	17%	17%	31%
OTHER CONSTRUCTION /REBUILDING	8%	8%	13%	-	8%	8%
HOUSING CONSTRUCTION	5%	3%	3%	13%	3%	7%

TABLE I-11 CONTINUED

		POLITICAL PARTY			VETERAN	
	TOTAL	REPUB-LICAN	DEMO-CRAT	INDEP./OTHER	YES	NO
PEACE CORPS/VISTA (Net)	29%	27%	39%	22%	39%	18%
PEACE CORPS	24%	25%	29%	13%	34%	13%
VISTA	10%	4%	19%	13%	11%	8%
MEDICAL/HEALTH (Net)	26%	20%	39%	26%	25%	26%
HEALTH CARE/ HOSPITAL WORK	14%	11%	29%	-	16%	11%
CARE FOR THE ELDERLY	8%	4%	6%	22%	6%	10%
DRUG TREATMENT/ ANTI-DRUG PROGRAMS	6%	6%	6%	4%	5%	5%
WORKING WITH HANDICAPPED	1%	1%	-	-	2%	-
PUBLIC SERVICES (NS)	10%	11%	3%	13%	6%	13%
CIVIL SERVICE/ GOV'T SERVICE	8%	8%	13%	-	9%	7%
CHARITABLE ORGANIZATION	5%	1%	10%	9%	3%	7%
LAW ENFORCEMENT/ LEGAL WORK	2%	1%	-	9%	3%	2%
POLITICAL ACTION/ ARENA	1%	1%	-	-	2%	-
OTHER	6%	4%	6%	13%	6%	7%
DON'T KNOW/NO ANS	8%	11%	3%	4%	8%	8%

Observations

Changes in the international climate have created new opportunities for America to take control of its key social and economic problems. As the likelihood of nuclear conflict between the U.S. and the Soviet Union fades, as Germany heads towards unity, and Eastern Europe turns from communism to democracy and the free market, U.S. corporate executives say that the U.S. can cut defense spending by an average of 19%. The resulting "peace dividend" should, most executives say, be spent to alleviate the fiscal and social problems that threaten our economy most: the growing Federal deficit and the poor quality of public education and its consequences, a shortage of trained workers and adult illiteracy.

The priority executives assign to attacking these two problems is not surprising, for these problems, with their indirect costs in the form of the higher wages that have to be paid to skilled labor or the inflationary pressures generated by the deficit, ultimately affect the ability of U.S. corporations to compete in the global economy, especially at a time when the U.S. is more vulnerable to foreign competition. (It is worth noting that business-leader optimism that German unification will be accepted by the Soviets -- an optimism borne out by events thus far -- and their belief that German unity does not threaten the formation of a united Europe or U.S. business interests, suggests that they may see more opportunity for U.S. business in Western and Eastern Europe, despite the growing competition that they face in these areas.)

While there is general agreement about the seriousness of the problems of education and the deficit, there are differences in spending priorities according to level of management and political party. Senior corporate executives, from Senior Vice Presidents to Chairmen, are more likely to favor spending the "peace dividend" on deficit reduction, while executives at the Vice President or Director level are more likely to favor attacking the education problem. In this instance, the priorities of senior executives appear to be closer to those of Republican executives than the priorities of other executives. This suggests that for President Bush to be remembered as the "Education President," at least among U.S. business leaders, he will have to tackle the deficit first before he can credibly take on the educational system.

Significant numbers of executives are worried about other social problems -- drugs, poverty and homelessness, providing health care at a reasonable cost, caring for the elderly, AIDS, and protecting the environment -- and would like to see some of the funds that would otherwise be spent on defense be used to attack these problems. Tackling them will require money and, also, mobilization of the American people. A majority of executives supports the establishment of mandatory national service for all U.S. citizens as a means of solving key social problems. Overwhelmingly, they favor giving citizens a choice between military and civilian service. The types of civilian service they envision reflect their concerns about the social problems that America faces -- working in public schools, hospitals, with the homeless, and on environmental projects. The "Peace Corps" still exerts influence as an organizational model for mandatory national service.

CHAPTER TWO: THE POLITICAL ARENA

Surveying the U.S. political scene at the start of the '90s, executives:

- *Worry about a shortage of presidential talent in the future to deal with pressing social and economic issues.*
- *Worry about a Federal deficit that is out of control. Executives in financial/business services predict higher rates of increase in the deficit than do executives in other industries.*
- *Doubt the S&L bailout's chances for success.*
- *Predict that national health care will become a reality.*
- *Say tax increases are inevitable.*
- *Will accept tax increases if the money is targeted to solve specific problems.*
- *See an urgent need to bring an abusive IRS under control. Failure to do so threatens public confidence in the integrity of our government.*

A. Concern About Future Presidential Leadership

As the nation faces the challenges of managing the deficit and providing for its social needs, whether in drugs, health care, or education, there is concern about finding political leadership at the top to rectify these ills. A majority of executives (57%) says they are personally distressed about "the lack of suitable candidates for the presidency of the United States." Predictably, this concern is higher among Democrats -- the party out of power -- than it is among Republicans. Still, a majority of both groups (and independents) worry about this problem

(62% Democrats vs. 52% Republicans vs. 66% independents). It also seems to be a problem of higher concern to the most affluent executives: While 14% of those with under $100,000 in total household income say they find this issue "very distressing," the proportion doubles among the more affluent (27%, $100,000-199,000 in total household income; and 29%, $200,000+ total household income). (Table II-1)

TABLE II-1

Q.16 HOW DISTRESSING IS... LACK OF SUITABLE CANDIDATES FOR PRESIDENT OF THE U.S.?

		HOUSEHOLD INCOME			POLITICAL PARTY		
	TOTAL	UNDER $100K	$100-$199K	$200K /MORE	REPUBLICAN	DEMOCRAT	INDEP. /OTHER
BASE	251	71	100	48	154	52	41
NET HIGH	57%	54%	55%	63%	52%	62%	66%
VERY DISTRESSING	22%	14%	27%	29%	21%	25%	24%
SOMEWHAT DISTRESSING	34%	39%	28%	33%	31%	37%	41%
NET LOW	41%	44%	44%	35%	45%	38%	32%
NOT TOO DISTRESSING	25%	25%	28%	21%	27%	25%	20%
NOT AT ALL DISTRESSING	16%	18%	16%	15%	18%	13%	12%
DON'T KNOW/NO ANS	2%	3%	1%	2%	3%	-	2%

B. A Deficit Out of Control

Executives doubt that the Federal deficit will be brought under control. Indeed, a majority of those who claim to be distressed by the deficit's size are "very" (57%) rather than "somewhat" (43%) distressed by it. This severe distress reflects the expectation of many executives that the deficit will continue to grow.

Executives are two and a half times as likely to predict that the Federal deficit will increase rather than decrease over the next 12 months. Half (50%) of them predict growth, 20% predict a decrease, and 28% expect the deficit to stay at its current level (Table II-2).

TABLE II-2

Q.12 DO YOU EXPECT THE FOLLOWING TO GROW/STAY THE SAME/DECLINE OVER THE NEXT 12 MONTHS OR SO...THE FEDERAL DEFICIT

(BASE: EXPECT INDICATOR TO GROW)

	TOTAL
BASE	251
NET GROW	50%
RAPIDLY	12%
SLOWLY	39%
STAY THE SAME	28%
NET DECLINE	20%
SLOWLY	19%
RAPIDLY	2%
DON'T KNOW/NO ANS	2%

Among the executives who predict growth in the deficit, the average predicted rate of increase in the deficit is 8.6% (Table II-3).

TABLE II-3

Q.12A ABOUT WHAT PERCENTAGE RATE OF GROWTH, OVER THE NEXT 12 MONTHS OR SO, DO YOU EXPECT IN THE FEDERAL DEFICIT?

(BASE: EXPECT INDICATOR TO GROW)

		EXPECTED TO GROW:	
	TOTAL	SLOWLY	RAPIDLY
BASE	126	97	29
1-2%	13%	15%	7%
3-4%	11%	13%	3%
5-9%	33%	35%	28%
10-14%	19%	19%	21%
15-19%	6%	4%	10%
20-24%	5%	4%	7%
25% OR MORE	3%	2%	7%
DK/NA	10%	8%	14%
MEAN	8.59%	7.24%	13.63%
MEDIAN	7.44%	6.94%	10.67%

The executives who envision growth in the deficit tend to predict slow rather than rapid growth (39% slow vs. 12% rapid). Among executives predicting slow growth, the deficit is expected to increase at an average of 7.2%, but among those predicting a rapid increase, the growth rate is nearly twice as high: 13.6% (Tables II-2,3).

Predicted overall growth rates in the deficit increase with executives' age (7.7% for those under 45 vs. 9.5% for those 45 and older) and with company size (10.6% among the largest companies, those with $6 billion in revenues vs. 7%, $2-5.9 billion and 7.2% under $2 billion). Possibly reflecting greater knowledgeability about fiscal issues, executives in financial and business-service industries foresee the deficit increasing at a rate of nearly 11% (10.7%), while executives in manufacturing and other industries such as transportation, utilities, communications, and wholesale and retail distribution predict a considerably lower increase (7.2% each). Though Republicans are no more likely than Democrats (and independents) to predict an increase in the deficit, Republicans think that the deficit will increase more slowly (at a rate of 8%) than do Democrats (who predict an increase at a rate of 9.1%) and independents (a rate of increase of 10.9%). (Table II-4)

TABLE II-4

Q.12A ABOUT WHAT PERCENTAGE RATE OF GROWTH, OVER THE NEXT 12 MONTHS SO, DO YOU EXPECT IN...
THE FEDERAL DEFICIT

BASE: EXPECT INDICATOR TO GROW

		A G E		COMPANY REVENUES			INDUSTRY			POLITICAL PARTY		
	TOTAL	25-44	45 OR OLDER	UNDER BIL	$2-5 BIL	$6 BIL	MFG.	FINANC/ BUS.SER	OTHER	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	126 100%	54 100%	70 100%	40 100%	33 100%	53 100%	46 100%	50 100%	30 100%	78 100%	27 100%	18 100%
1-2%	13%	13%	13%	20%	18%	6%	13%	6%	27%	15%	7%	11%
3-4%	11%	17%	6%	10%	15%	9%	13%	10%	10%	6%	11%	28%
5-9%	33%	24%	41%	27%	34%	36%	36%	38%	20%	34%	34%	32%
10-14%	19%	25%	14%	19%	15%	21%	17%	14%	30%	19%	19%	17%
15-19%	6%	4%	7%	3%	-	11%	4%	10%	-	5%	11%	-
20-24%	5%	6%	4%	5%	6%	4%	4%	6%	3%	4%	11%	-
25% OR MORE	3%	2%	4%	3%	3%	4%	2%	4%	3%	4%	-	6%
DON'T KNOW/NO ANS	10%	9%	11%	13%	9%	9%	11%	12%	7%	13%	7%	6%
MEAN	8.59	7.73	9.45	7.17	7.00	10.63	7.24	10.73	7.21	7.97	9.12	10.88
MEDIAN	7.44	7.46	7.57	6.82	6.45	8.37	7.00	7.95	7.00	7.62	8.11	5.67

C. Increasing the Cost of Government: The S&L Bailout

The Federal government will have to deal with problems -- the S&L rescue, rising health care costs -- that have a high likelihood of increasing, rather than decreasing, the cost of government as well as the Federal deficit.

In the case of the S&L industry, executives are divided over the chances that the Bush administration's rescue plan for the industry will fail: 41% predict failure, while half (49%) disagree with this prediction, and 10% are unsure. Agreement with the prediction tends to be higher among the larger Fortune 1000 companies: 41% at companies with revenues of $6 billion+, 50% at companies with revenues of $2-5.9 billion, but 33% among the firms with revenues under $2 billion. Disagreement with the prediction tends to be higher, as might be expected, among Republicans (55%) than Democrats (44%). (Table II-5)

TABLE II-5

Q.15 AGREEMENT WITH... THE BUSH ADMINISTRATION'S RESCUE PLAN FOR THE S&L INDUSTRY IS LIKELY TO FAIL IN THE NEXT 12 MONTHS

		COMPANY REVENUES			POLITICAL PARTY		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	81	76	94	154	52	41
NET AGREE	41%	33%	50%	41%	39%	44%	51%
AGREE STRONGLY	12%	12%	8%	14%	12%	13%	10%
AGREE SOMEWHAT	30%	21%	42%	28%	27%	31%	41%
NET DISAGREE	49%	54%	42%	49%	55%	44%	29%
DISAGREE SOMEWHAT	39%	42%	34%	40%	42%	42%	22%
DISAGREE STRONGLY	10%	12%	8%	9%	13%	2%	7%
DON'T KNOW/NO ANS	10%	12%	8%	10%	6%	12%	20%

D. Increasing the Cost of Government: A System of National Health Care

Nearly all executives are distressed by "growing health care costs" (97%) and by "providing care for the elderly" (88%), but are doubtful that the private sector alone can cope with these problems. Senior corporate officers are more likely than other executives to say that the rise in health care costs is "very distressing" (69% senior corporate officers vs. 54% Vice Presidents and 48% Directors). Since 63% of executives age 45 or older are "very distressed" by health care costs compared to 49% of the younger executives, the heightened concern over health care costs on the part of senior corporate officers may reflect their age and concern about the onset of health problems associated with their age as much as it does their worry about the effect of rising health care costs on company benefit programs (Tables I-4, II-6).

TABLE II-6

Q.16 HOW DISTRESSING IS... GROWING HEALTH CARE COSTS

		A G E		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
BASE	251	105	143	51	134	50
NET HIGH	97%	93%	100%	98%	98%	94%
VERY DISTRESSING	57%	49%	63%	69%	54%	48%
SOMEWHAT DISTRESSING	41%	45%	37%	29%	43%	46%
NET LOW	3%	7%	-	2%	2%	6%
NOT TOO DISTRESSING	2%	5%	-	-	1%	6%
NOT AT ALL DISTRESSING	1%	2%	-	2%	1%	-
DON'T KNOW/NO ANS	-	-	-	-	-	-

Executives predict that in response to these problems, more companies will be offering flexible benefits or "cafeteria programs" (86%) as well as "'eldercare' benefits to help employees care for aged parents or relatives" (65%) during the 1990s. Ultimately, however, the Federal government will have to step in: A majority of executives (64%) predicts that "a national health care program will be established by the end of the decade" (Table II-7).

TABLE II-7A

Q.15 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		A G E		COMPANY REVENUES			INDUSTRY		
	TOTAL	25-44	45 OR OLDER	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	MFG.	FINANC/ BUS.SER	OTHER
BASE	251	105	143	81	76	94	85	94	72
FLEXIBLE BENEFITS MORE WIDESPREAD	86%	87%	87%	88%	83%	88%	86%	85%	89%
STATE LOCAL TAXES LIKELY TO INCREASE	82%	78%	85%	73%	86%	87%	86%	84%	75%
WILL BE FEWER MERGERS IN 1990'S	76%	75%	76%	74%	79%	74%	79%	74%	74%
EQUITY FINANCING CHEAPEST IN 1990'S	73%	73%	73%	74%	74%	70%	80%	73%	63%
FEDERAL INCOME TAX INCREASE LIKELY	66%	67%	65%	69%	67%	62%	72%	61%	65%
MORE COMPANIES WILL OFFER ELDERCARE	65%	63%	68%	59%	63%	71%	67%	66%	61%
LONG-RANGE PLANNING JOBS MORE IMPORTANT	65%	62%	67%	57%	62%	73%	56%	65%	74%
NAT'L HEALTH PLAN BY END OF DECADE	64%	55%	70%	57%	64%	69%	56%	67%	68%
NEED TO PROTECT BENEFITS FROM LBO'S	63%	59%	66%	57%	67%	65%	61%	67%	60%
WILL BE MORE PENSION REPS ON BOARDS	62%	69%	57%	57%	54%	72%	58%	66%	61%
WILL BE MORE STATE REGULATION MERGERS	61%	60%	62%	56%	59%	67%	60%	64%	58%

TABLE II-7A CONTINUED

		A G E		COMPANY REVENUES			INDUSTRY		
	TOTAL	25-44	45 OR OLDER	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	MFG.	FINANC/ BUS.SER	OTHER
NEED TO PROTECT PENSIONS IN JUNK BONDS	59%	63%	56%	56%	58%	62%	58%	60%	58%
LESS EMPHASIS SHORT TERM/MORE LONG TERM	57%	64%	52%	60%	50%	59%	58%	53%	60%
U.S. CO'S RELIED EXCESSIVELY ON JUNK BONDS	56%	58%	55%	57%	50%	61%	56%	54%	58%
WAGE INCREASES WILL BE AHEAD INFLATION	55%	53%	55%	58%	58%	49%	53%	48%	65%
1990'S WILL SEE MORE CORP. BREAKUPS	54%	50%	56%	54%	55%	52%	49%	56%	56%
PENSION REPS ON BOARD HINDERS MGMT	51%	46%	55%	46%	57%	51%	53%	49%	51%
BUSH S&L RESCUE PLAN LIKELY TO FAIL	41%	45%	40%	33%	50%	41%	40%	44%	40%
SEC LIKELY OUTLAW "GOLDEN PARACHUTE"	31%	28%	34%	28%	26%	38%	29%	31%	35%
HIGH LIKELIHOOD OF RECESSION	27%	29%	27%	30%	24%	29%	27%	31%	24%

TABLE II-7B

Q.15 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		HOUSEHOLD INCOME			TITLE			POLITICAL PARTY		
	TOTAL	UNDER $100K	$100-$199K	$200K /MORE	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251 100%	71 100%	100 100%	48 100%	51 100%	134 100%	50 100%	154 100%	52 100%	41 100%
FLEXIBLE BENEFITS MORE WIDESPREAD	86%	90%	84%	85%	88%	84%	94%	85%	96%	83%
STATE LOCAL TAXES LIKELY TO INCREASE	82%	82%	77%	96%	80%	82%	82%	82%	85%	80%
WILL BE FEWER MERGERS IN 1990'S	76%	73%	80%	83%	75%	75%	76%	72%	81%	80%
EQUITY FINANCING CHEAPEST IN 1990'S	73%	72%	75%	71%	76%	69%	76%	73%	73%	73%
FEDERAL INCOME TAX INCREASE LIKELY	66%	62%	68%	69%	73%	65%	66%	65%	63%	73%
MORE COMPANIES WILL OFFER ELDERCARE	65%	61%	66%	69%	69%	60%	76%	66%	67%	66%
LONG-RANGE PLANNING JOBS MORE IMPORTANT	65%	76%	68%	54%	55%	63%	72%	65%	69%	59%
NAT'L HEALTH PLAN BY END OF DECADE	64%	63%	64%	71%	67%	63%	64%	65%	65%	59%
NEED TO PROTECT BENEFITS FROM LBO'S	63%	73%	67%	48%	59%	61%	70%	60%	79%	56%
WILL BE MORE PENSION REPS ON BOARDS	62%	65%	61%	56%	55%	64%	64%	59%	77%	56%
WILL BE MORE STATE REGULATION MERGERS	61%	56%	66%	60%	59%	63%	62%	63%	71%	41%

TABLE II-7B CONTINUED

Q.15 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		HOUSEHOLD INCOME			TITLE			POLITICAL PARTY		
	TOTAL	UNDER $100K	$100- $199K	$200K /MORE	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
NEED TO PROTECT PENSIONS IN JUNK	59%	62%	61%	46%	49%	60%	70%	54%	73%	59%
LESS EMPHASIS SHORT TERM/MORE LONG TERM	57%	58%	55%	58%	53%	53%	68%	56%	56%	59%
U.S. CO'S RELIED EXCESSIVELY ON JUNK	56%	54%	55%	60%	59%	56%	58%	54%	62%	59%
WAGE INCREASES WILL BE AHEAD INFLATION	55%	51%	62%	60%	61%	51%	62%	56%	44%	61%
1990'S WILL SEE MORE CORP. BREAKUPS	54%	55%	53%	58%	63%	53%	52%	55%	50%	51%
PENSION REPS ON BOARD HINDERS MGMT	51%	41%	51%	69%	61%	49%	50%	58%	40%	34%
BUSH S&L RESCUE PLAN LIKELY TO FAIL	41%	49%	38%	48%	47%	34%	54%	39%	44%	51%
SEC LIKELY OUTLAW "GOLDEN PARACHUTE"	31%	34%	28%	38%	39%	27%	34%	32%	31%	29%
HIGH LIKELIHOOD OF RECESSION	27%	32%	28%	21%	37%	23%	32%	23%	37%	34%

The prediction that a national health care program will be established is more widespread in larger Fortune 1000 companies, especially the largest ones (57%, under $2 billion in revenues vs. 64%, $2-5.9 billion and 69, $6 billion+). It is also more widespread in financial and business-service companies (67%) and other industries (68%) than in manufacturing (56%). Older executives are also more likely to believe that national health care will become a reality (70%, age 45+ vs. 55% under 45). (Table II-7A)

E. The Inevitability of a Tax Increase

Given the deficit, the S&L bailout, and the host of other social issues facing the Federal government, a sizable majority of executives says "an increase in Federal income taxes is highly likely within the next two years" (66%). This assessment does not differ by management level, company size, or political party (Table II-7).

There is even more agreement among executives that "state and local taxes are highly likely to increase over the next 12 months" (82%). Agreement with this prediction is high among the most affluent executives (96%, $200,000+ in total household income vs. 77%, $100-199,000 and 82% under $100,000), and executives at the larger Fortune 1000 companies (87% $6 billion+ in revenues vs. 86% $2-5.9 billion vs. 73% under $2 billion).

F. Tolerating Tax Increases

By a wide -- nearly four to one -- margin, corporate executives will accept increases in corporate or personal taxes provided that the additional tax dollars are spent responsibly.

Executives indicate that so long as they are assured that the additional revenue will be targeted, that is, spent on the specific problems for which they are being raised (for example, deficit reduction or improving education), then they will tolerate the increase. Willingness to accept a tax increase is more widespread among older executives (85%, executives age 45+ vs. 70% under 45). It is higher among the smaller Fortune 1000 companies (85% under $2 billion) than at larger firms (75%, $2-5.9 billion in revenues and 77%, $6 billion+). As might be expected, willingness to accept the tax increase is higher among Democrats (46% very willing) than among Republicans (27% very willing). (Table II-8)

TABLE II-8

Q.168 HOW WILLING WOULD YOU BE TO PAY MORE CORPORATE/PERSONAL TAXES IF YOU KNEW THE ADDITIONAL REVENUES WERE GOING TO BE USED TO DEAL WITH THIS ISSUE

		AGE		COMPANY REVENUES			POLITICAL PARTY		
	TOTAL	25-44	45 OR OLDER	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	105	143	81	76	94	154	52	41
NET WILLING	79%	70%	85%	85%	75%	77%	79%	85%	76%
VERY WILLING	32%	26%	37%	32%	28%	36%	27%	46%	34%
SOMEWHAT WILLING	47%	45%	48%	53%	47%	40%	51%	38%	41%
NET UNWILLING	15%	26%	7%	11%	16%	17%	16%	8%	20%
SOMEWHAT UNWILLING	5%	9%	2%	4%	5%	5%	6%	2%	5%
VERY UNWILLING	10%	17%	5%	7%	11%	12%	10%	6%	15%
DON'T KNOW/NO ANS	6%	4%	8%	4%	9%	6%	6%	8%	5%

G. The Urgent Need to Bring the IRS Under Control

Executives at Fortune 1000 companies deliver a strong negative assessment of the IRS. Not only are our tax laws too complex, but, they say, the IRS has excessive power and operates abusively and inefficiently. The agency, according to executives, lacks adequate Congressional oversight. Executives in financial and business services are especially likely to consider that the tax laws are complicated and confusing.

In fact, nearly every executive interviewed (92%) agrees either "strongly" or "somewhat" that "our tax laws are too complicated and confusing." Most executives who agree with this do so strongly (65%, strongly vs. 28%, somewhat). Not surprisingly, given the complexity of the tax code, very few executives think that "you can count on the IRS for accurate explanations of tax rules and regulations" (12%). Most executives take the opposite point of view: Not only do 87% disagree with the idea that the IRS is a source of accurate explanations of the tax rules and regulations, but half of all executives interviewed (51%) disagree with this idea "strongly." Many executives are also skeptical of the IRS' efficiency: Only one executive in three (35%) agrees that the agency "does an efficient job of collecting taxes." The remaining 64% who disagree with this statement are split evenly between those who disagree "somewhat" (32%) and those who disagree "strongly" (32%). (Table II-9)

TABLE II-9

Q.20 AGREEMENT WITH STATEMENTS ABOUT TAX LAWS/THE IRS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT RESPONSES"

		HOUSEHOLD INCOME			POLITICAL PARTY		
	TOTAL	UNDER $100K	$100-$199K	$200K/MORE	REPUBLICAN	DEMOCRAT	INDEP./OTHER
BASE	251	71	100	48	154	52	41
TAX LAWS TOO COMPLICATED	92%	96%	91%	98%	90%	98%	93%
IRS ALWAYS HAS THE UPPER HAND	79%	77%	83%	77%	80%	79%	80%
THE IRS TENDS TO ABUSE ITS POWER	67%	70%	62%	79%	68%	65%	66%
IRS DOES EFFICIENT JOB OF COLLECTING	35%	28%	37%	35%	32%	33%	44%
CONGRESS ADEQUATELY MONITORS THE IRS	26%	28%	24%	21%	23%	31%	34%
COUNT ON THE IRS FOR EXPLANATIONS	12%	10%	12%	10%	10%	12%	17%

Executives are concerned that the IRS wields too much power. Four executives out of five agree that "in disagreements over tax returns, the IRS always has the upper hand" (79%). Executives are more likely to agree "strongly" (44%) rather than "somewhat" (35%) with this statement. Two thirds of the executives interviewed agree that "the IRS tends to abuse its powers" (67%). Of these, there is a sizable minority (39% of those who agree, or 26% of the total) who agree with this statement "strongly." There is a sense, too, that Congress has not done enough to rein in the IRS: Only one executive in four (26%) agrees that "Congress is doing an adequate job of monitoring the IRS." Most executives (71%) disagree, and nearly half of them (47%) disagree "strongly" (Table II-9).

The IRS appears to be particularly abusive in the eyes of the wealthiest executives: Four out of five executives with household incomes of $200,000 or more agree "strongly" or "somewhat" that the agency "tends to abuse its power" (79% vs. 70% executives with under $100,000 in household income and 62% those with $100,000-199,000 in household income). (Table II-9)

Executives who are Republicans tend to take an even more skeptical view of the IRS than do their Democrat or independent counterparts. Republicans (and independents) are more likely than Democrats to say they agree "strongly" that the IRS always has the upper hand in tax disputes (47% Republicans; 46% independents vs. 35% Democrats). Republicans are more likely than either Democrats or independents to "agree strongly" that the IRS tends to abuse its power" (30% Republicans vs. 17% Democrats and 20% independents). Not surprisingly, Republicans are less prone than Democrats and independents to feel that Congress adequately monitors the IRS (23% vs. 31% Democrats, 34% independents). (Table II-9)

TABLE II-10

Q.20 AGREEMENT WITH STATEMENTS ABOUT TAX LAWS/THE IRS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		INDUSTRY			INTEREST-IRS COMM	
	TOTAL	MFG.	FINANC/ BUS.SERV	OTHER	VERY/ SOMEWHAT	NOT TOO /AT ALL
BASE	251	85	94	72	149	97
TAX LAWS TOO COMPLICATED	92%	95%	89%	93%	94%	91%
IRS ALWAYS HAS THE UPPER HAND	79%	82%	80%	75%	76%	86%
THE IRS TENDS TO ABUSE ITS POWER	67%	73%	57%	72%	74%	57%
IRS DOES EFFICIENT JOB OF COLLECTING	35%	28%	37%	40%	26%	47%
CONGRESS ADEQUATELY MONITORS THE IRS	26%	21%	30%	26%	23%	29%
COUNT ON THE IRS FOR EXPLANATIONS	12%	9%	12%	17%	7%	20%

Possibly reflecting greater knowledgeability of the tax system, executives in financial services tend to be less likely than others to agree "strongly" that the IRS abuses its power (17% vs. 29% other industries and 33% manufacturing) and, at the same time, more likely to agree "strongly" that the tax laws are too complicated and confusing (71% vs. 60% manufacturing and 61% other industries). (Table II-10)

Given their strong views about the IRS and their strong commitment to public service, a majority of executives says that they are interested in serving on a Blue-ribbon Presidential Commission to look into ways of reforming the IRS (59% interested: 17% very interested; 43% somewhat interested; 39% not interested: 16% not too interested and 23% not at all interested). As expected, the executives who want to serve on this commission tend to be most critical of the IRS. They are more likely than other executives to say the IRS tends to abuse its power (74% vs. 57% not interested in serving), and less likeiy to say it collects taxes efficiently (26% vs. 47% not interested in serving) and provides accurate explanations of the tax rules (7% vs. 20% not interested in serving). (Tables II-10,11)

Interest in serving on the commission increases the more that household income rises (54% under $100,000; 63% $100,000 to $199,000; 71% $200,000 or more). Interest is also especially high among senior corporate executives (71% vs. 56% Vice Presidents and 62% Directors) and Republicans (66% vs. 52% Democrats and 46% independents). (Table II-11)

TABLE II-11

Q.20A IF THE PRESIDENT WERE TO ESTABLISH A BLUE-RIBBON COMMISSION TO LOOK INTO WAYS OF REFORMING THE IRS, WOULD YOU BE INTERESTED IN SERVING ON IT?

		HOUSEHOLD INCOME			TITLE			POLITICAL PARTY		
	TOTAL	UNDER $100K	$100- $199K	$200K /MORE	SR.CORP OFFICER	V.P.	DIR.	REPUB- LICAN	DEMO- CRAT	INDEP. /OTHER
BASE	251	71	100	48	51	134	50	154	52	41
NET INTERESTED	59%	54%	63%	71%	71%	56%	62%	66%	52%	46%
VERY INTERESTED	17%	10%	21%	19%	22%	20%	8%	19%	13%	15%
SOMEWHAT INTERESTED	43%	44%	42%	52%	49%	36%	54%	47%	38%	32%
NET NOT INTERESTED	39%	45%	35%	29%	27%	42%	38%	33%	44%	51%
NOT TOO INTERESTED	16%	23%	14%	10%	10%	17%	18%	14%	17%	17%
NOT AT ALL INTERESTED	23%	23%	21%	19%	18%	25%	20%	19%	27%	34%
DON'T KNOW/NO ANS	2%	1%	2%	-	2%	2%	-	1%	4%	2%

Observations

Executive distress about the U.S.' ability to control its social and fiscal problems feeds their concerns about the political and legislative outlook. Though executives tend to predict, in their words, a "slow" increase in the Federal deficit, the average predicted rate of increase in the deficit (8.6%) is higher than the average predicted increase in the rate of inflation (6.2%). Clearly, they do not see the Bush administration bringing the deficit under control soon.

There will be additional pressures on government spending over the next decade. More immediately, as estimates of the total cost of the S&L bailout continue to mount, there is considerable skepticism about the chances of success for the Bush administration's S&L rescue plan. Long-term, executives see no private-sector solution to the problem of rising health care costs and believe that the Federal government will have to establish a national health care program by the close of the decade.

Given these fiscal pressures on Washington (not to mention the pressures that come with other national and international responsibilities), executives were predicting, even before the president reversed himself on taxes, that there would be an increase in Federal income taxes in the next 12 months. Local and state taxes will be even more likely to increase. Executives say that they will tolerate tax increases so long as the money is spent responsibly on critical problems such as the deficit and improving education. This attitude, however, testifies to a skepticism about the way tax dollars have been spent in the past (and how they will be spent in the future). Adding to these concerns about taxation is the concern about leadership at the top: Many executives worry that there will be a shortage of future presidential talent.

Republicans, not surprisingly, are more charitable toward the Bush administration than are the Democrats. Though they doubt the deficit will be brought under control, Republicans predict a slower rate of increase in the deficit. Republicans are also less pessimistic about the Bush administration's S&L rescue plan and the shortage of qualified presidential candidates in the future.

Executives in the largest Fortune 1000 companies, though they tend to be Republican, tend to predict a high rate of increase in the deficit and are less optimistic about the Administration's S&L bailout. Executives in the largest Fortune 1000 companies as well as senior corporate officers across the Fortune 1000 are more likely than others to predict the establishment of national health care and tax increases at the local and state levels.

Executives, especially Republicans and those at the top of the corporate hierarchy, are strikingly negative toward the IRS. Indeed, the depth of corporate executive hostility toward the IRS seems to exceed that of the typical American. In an article in *The New York Times* ("The Abuse of Power," *The New York Times Magazine*, September 3, 1989, p. 61), David Burnham, the author of the widely-acclaimed book, *The IRS: A Law Unto Itself*, cited a 1987 Harris poll **conducted for the agency itself** (bold ours) that "showed that about one out of five Americans viewed IRS employees as dishonest or not knowledgeable." As our survey shows, the proportion of executives who negatively assess the IRS today is clearly far greater.

The overwhelmingly negative attitudes of corporate executives represent more than the self-interest of a group of wealthy Americans or the traditional, almost instinctive hostility that citizens reserve for the tax collector. Their negative attitudes represent a feeling that the IRS is out of control: Inadequately monitored, administering an overly complex tax code that its own bureaucracy cannot explain accurately and clearly, following procedures that appear to be stacked against the citizen, the agency cannot avoid being seen as unfair, punitive, and inefficient. The fact that the agency collects as much revenue as it does, and on a regular basis, is obscured by these attitudes.

These perceptions have potentially dangerous consequences. Since adult Americans have regular contact with the IRS through payroll deductions as well as on April 15 (and through quarterly payments or audits), the IRS represents the Federal government to many citizens more directly and more intrusively than do either the Congress or the president. The perceived inequities and inefficiencies of the IRS, along with the Federal government's perceived failure to regulate the agency, help to weaken faith in the integrity of government and its ability and willingness to act in the interests of the governed.

Faith in the integrity and effectiveness of government, which is essential to the effective functioning of our democracy, is tested whenever citizens read or hear about the inaccurate advice that taxpayers often receive from the IRS, the errors that the IRS commits in processing returns, or allegations about the agency's abuses in auditing procedures or political misconduct. This faith will be further tested as the Federal government searches for solutions to the deficit and the S&L crisis. The very saliency of the issue of taxation, thrown into dramatic relief by the current debate over the deficit, over whether or not more taxes are needed and the fairness of our system of taxation, will keep the issue of the IRS and its power alive for a long time.

CHAPTER THREE: EXECUTIVE ECONOMIC PREDICTIONS

Surveying the economic scene, corporate executives say:

- *The economy is basically healthy. They tend to doubt that a recession is likely in the next 12 months.*
- *Executives at the top, however, tend to be more pessimistic about the economy than other executives as well as the American work force in general. Senior corporate officers are less likely to expect growth in the Dow and more likely to predict an increase in the unemployment rate and a recession in the next 12 months.*
- *There will be no boom, only moderate growth.*
- *There is no end in sight to the inflationary pressures on the economy. Executives at larger companies, however, are less likely than other executives to predict that wages will stay ahead of inflation.*
- *Uncertainty will govern the direction of such economic indicators as interest rates, the value of the dollar against major foreign currencies, and the trade deficit.*
- *The 1990s will be a period of economic caution. Business planning is likely to become all the more critical to corporations as they search for ways to grow profitably.*

A. Optimism: The Avoidance of Recession

Executives are optimistic about the health of the U.S. economy over the next 12 months (78%, optimistic). Senior corporate officers, however, appear to be somewhat less optimistic relative to other executives short-term (71% vs. 79% Vice Presidents and 80% Directors), as are executives in financial/business services (72% vs. 79% manufacturing and 86% other industries such as transportation, utilities, communications, and wholesale and retail distribution). (Table III-1)

TABLE III-1

Q.14A WOULD YOU SAY THAT YOU ARE... ABOUT THE HEALTH OF THE U.S ECONOMY OVER THE NEXT 12 MONTHS?

		TITLE			INDUSTRY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	MFG.	FINANC/ BUS.SER	OTHER
BASE	251	51	134	50	85	94	72
NET OPTIMISTIC	78%	71%	79%	80%	79%	72%	86%
VERY OPTIMISTIC	8%	4%	7%	8%	2%	10%	11%
SOMEWHAT OPTIMISTIC	71%	67%	72%	72%	76%	63%	75%
NET NOT OPTIMISTIC	21%	29%	20%	20%	21%	27%	14%
NOT VERY OPTIMISTIC	20%	29%	18%	18%	19%	26%	13%
NOT AT ALL OPTIMISTIC	2%	-	2%	2%	2%	1%	1%
DON'T KNOW/NO ANS	*	-	1%	-	-	1%	-

Most executives reject the idea that "there is a very high likelihood of a recession in the next 12 months" (71% disagree vs. 27% agree and 1% don't know). Senior corporate officers, however, are more pessimistic than other executives are about the possibility of a recession: 37% agree that a recession is likely as compared to 23% Vice Presidents and 32% Directors. Republicans are more optimistic than are either Democrats and independents about the chances of avoiding a recession (Agree: 23% Republican vs. 37% Democrats and 34% independents). (Table III-2).rr

TABLE III-2

Q.15 AGREEMENT WITH... THERE'S A VERY HIGH LIKELIHOOD OF A RECESSION IN THE NEXT 12 MONTHS

		TITLE			POLITICAL PARTY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	51	134	50	154	52	41
NET AGREE	27%	37%	23%	32%	23%	37%	34%
AGREE STRONGLY	4%	8%	5%	-	4%	6%	5%
AGREE SOMEWHAT	23%	29%	18%	32%	19%	31%	29%
NET DISAGREE	71%	63%	75%	66%	75%	63%	66%
DISAGREE SOMEWHAT	45%	39%	49%	44%	47%	44%	39%
DISAGREE STRONGLY	26%	24%	27%	22%	29%	19%	27%
DON'T KNOW/NO ANS	1%	-	1%	2%	1%	-	-

Executives are optimistic about the health of the U.S. economy long-term over the next three years (83%). Though senior corporate officers are more pessimistic than other executives about the economy's short-term health, they are more strongly optimistic about the long-term health of the economy ("very optimistic": 20% vs. 11% Vice Presidents and 8% Directors). (Table III-3).

TABLE III-3

Q.14B WOULD YOU SAY THAT YOU ARE... ABOUT THE HEALTH OF THE U.S ECONOMY OVER THE NEXT THREE YEARS?

		TITLE			INDUSTRY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	MFG.	FINANC/ BUS.SER	OTHER
BASE	251	51	134	50	85	94	72
NET OPTIMISTIC	83%	80%	82%	88%	81%	77%	94%
VERY OPTIMISTIC	12%	20%	11%	8%	11%	12%	15%
SOMEWHAT OPTIMISTIC	71%	61%	71%	80%	71%	65%	79%
NET NOT OPTIMISTIC	15%	16%	16%	12%	16%	20%	6%
NOT VERY OPTIMISTIC	13%	12%	16%	10%	14%	19%	4%
NOT AT ALL OPTIMISTIC	2%	4%	1%	2%	2%	1%	1%
DON'T KNOW/NO ANS	2%	4%	1%	-	2%	3%	-

B. The Most Reliable Economic Indicators

On a list of selected economic indicators, including inflation, the GNP, CPI or Consumer Price Index, U.S. trade deficit, long-term interest rates, the price of crude oil, the value of the dollar against major foreign currencies, the Federal deficit, the unemployment rate, the prime, the Producer Price Index, and Dow Jones Industrial Average, executives find *four* of them "to be most reliable for predicting the direction of the U.S. economy": *inflation* (28%), the *GNP* (27%), the *CPI* (25%), and *long-term interest rates* (24%). (Table III-4)

There are few differences among executives about the reliability of these four indicators. Interest rates, both long-term and the prime, seem to be valued as an indicator more by senior corporate executives (31%) than by other executives (22% Vice Presidents and 24% Directors). The GNP is more likely to be considered most reliable in smaller Fortune 1000 firms (35% under $2 billion in revenues) than in larger ones (25% $2-5.9 billion and 23% $2 billion+). (Table III-4)

TABLE III-4

Q.13 OF ALL THE INDICATORS THAT WE HAVE DISCUSSED WHICH 2 OR 3 DO YOU FIND MOST RELIABLE FOR PREDICTING THE DIRECTION OF THE U.S. ECONOMY?

		TITLE			COMPANY REVENUES		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	UNDER $2 BIL	$2-$5. BIL	$6 BIL+
BASE	251	51	134	50	81	76	94
INFLATION	28%	33%	28%	32%	32%	28%	26%
THE GNP	27%	25%	33%	18%	35%	25%	23%
THE CPI	25%	25%	24%	24%	22%	28%	24%
LONG TERM INTEREST RATES	24%	31%	22%	24%	22%	28%	23%
THE PRIME RATE	16%	22%	16%	12%	12%	17%	19%
THE UNEMPLOYMENT RATE	16%	18%	18%	14%	12%	14%	20%
THE FEDERAL DEFICIT	16%	18%	14%	18%	16%	20%	12%
THE DOW JONES INDUSTRIAL AVERAGE	14%	8%	12%	26%	15%	14%	12%
THE U.S TRADE DEFICIT	12%	2%	15%	12%	12%	11%	14%
VALUE OF DOLLAR VS. FOREIGN CURRENCIES	8%	6%	6%	12%	6%	4%	14%
THE PRICE OF CRUDE OIL	4%	2%	2%	8%	5%	5%	1%
THE PRODUCER PRICE INDEX	-	-	-	-	-	-	-
DON'T KNOW/NO ANS	7%	4%	7%	6%	6%	11%	5%

C. A Combination of Growth and Inflation

According to business executives, most economic indicators, including the ones considered most reliable, point to a combination of moderate growth and inflation in the U.S. economy in the next 12 months.

Most executives forecast a GNP that will "grow slowly" (61%) rather than "grow rapidly" or decline (2% grow rapidly, 26% stay the same, and 6% decline slowly). Belief that the GNP will grow increases with household income (61% under $100,000 vs. 70% $100,000-199,000 and 75% $200,000+). *On average, the predicted rate of growth in the GNP is 4.4%.* (Tables III-5,6,7)

TABLE III-5

Q.12 DO YOU EXPECT THE FOLLOWING TO GROW/STAY THE SAME/DECLINE OVER THE NEXT 12 MONTHS OR SO -- SUMMARY TABLE OF "GROW RAPIDLY/SLOWLY" RESPONSES

		A G E		HOUSEHOLD INCOME			POLITICAL PARTY		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100- $199K	$200K /MORE	REPUB- LICAN	DEMO- CRAT	INDEP. /OTHER
BASE	251	105	143	71	100	48	154	52	41
THE CPI	74%	69%	78%	70%	75%	79%	73%	81%	71%
THE GNP	67%	67%	68%	61%	70%	75%	64%	73%	71%
INFLATION	64%	69%	62%	77%	64%	50%	60%	73%	71%
THE DOW JONES INDUSTRIAL AVERAGE	55%	50%	58%	58%	58%	50%	56%	52%	56%
THE PRODUCER PRICE INDEX	54%	47%	59%	48%	52%	65%	54%	58%	49%
THE FEDERAL DEFICIT	50%	51%	49%	52%	46%	50%	51%	52%	44%
THE PRICE OF CRUDE OIL	43%	37%	46%	44%	40%	44%	42%	37%	49%
LONG TERM INTEREST RATES	39%	45%	34%	46%	37%	40%	40%	42%	32%
VALUE OF DOLLAR VS. FOREIGN CURRENCIES	38%	40%	37%	46%	34%	42%	36%	37%	49%
THE PRIME RATE	35%	40%	31%	37%	35%	31%	34%	35%	39%
THE UNEMPLOYMENT RATE	34%	41%	29%	35%	35%	31%	33%	29%	44%
THE U.S TRADE DEFICIT	34%	35%	33%	41%	31%	31%	38%	31%	24%

Several other indicators besides the GNP point to growth. A majority of executives (55%) predicts that the Dow will increase, with almost all of them saying it will "grow slowly" (54% vs. 1% grow rapidly). One in four predicts the Dow will stay the same (26%) and nearly one in five expects it to decline (16% decline slowly and 2% decline rapidly). Expectations of growth in the Dow are lower among senior corporate officers (47%) compared to other executives (57% Vice Presidents and 56% Directors). They are also lower in financial services (47%) than among manufacturing (60%) and other industries (61%). Smaller Fortune 1000 companies are more optimistic than larger firms are that the Dow will grow (68% under $2 billion in revenues vs. 49% larger companies). *The average predicted increase in the Dow is 7.8%* (Tables III-6,7).

TABLE III-6

Q.12 DO YOU EXPECT THE FOLLOWING TO GROW OVER THE NEXT 12 MONTHS OR SO -- SUMMARY TABLE OF "GROW RAPIDLY/SLOWLY" RESPONSES

		TITLE			COMPANY REVENUES			INDUSTRY		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	MFG.	FINANC/ BUS.SER	OTHER
BASE	251	51	134	50	81	76	94	85	94	72
THE CPI	74%	73%	75%	70%	77%	68%	76%	76%	73%	71%
THE GNP	67%	65%	69%	60%	69%	66%	66%	65%	62%	76%
INFLATION	64%	47%	62%	84%	70%	57%	64%	61%	57%	75%
THE DOW JONES INDUSTRIAL AVERAGE	55%	47%	57%	56%	68%	49%	49%	60%	46%	61%
THE PRODUCER PRICE INDEX	54%	57%	51%	56%	51%	50%	60%	48%	57%	56%
THE FEDERAL DEFICIT	50%	51%	47%	60%	49%	43%	56%	54%	53%	42%
THE PRICE OF CRUDE OIL	43%	47%	43%	38%	43%	46%	39%	46%	39%	43%
LONG TERM INTEREST RATES	39%	35%	34%	54%	38%	41%	37%	36%	39%	40%
VALUE OF DOLLAR VS. FOREIGN CURRENCIES	38%	33%	36%	38%	41%	37%	36%	42%	37%	33%
THE PRIME RATE	35%	37%	32%	38%	42%	28%	34%	34%	34%	36%
THE UNEMPLOYMENT RATE	34%	41%	31%	34%	38%	29%	34%	32%	37%	32%
THE U.S TRADE DEFICIT	34%	33%	32%	40%	32%	33%	36%	27%	39%	35%

TABLE III-7

Q.12A PERCENTAGE RATE OF GROWTH EXPECTED OVER THE NEXT 12 MONTHS OR SO -- SUMMARY TABLE OF MEANS
BASE: EXPECT INDICATOR TO GROW

	TOTAL
THE FEDERAL DEFICIT	8.59%
THE PRICE OF CRUDE OIL	8.50%
THE DOW JONES INDUSTRIAL AVERAGE INDUSTRIAL AVERAGE	7.83%
THE U.S TRADE DEFICIT	7.25%
THE UNEMPLOYMENT RATE	6.79%
VALUE OF DOLLAR VS. MAJOR FOREIGN CURRENCIES SUCH AS THE YEN AND DEUTSCHE MARK	6.53%
INFLATION	6.23%
LONG TERM INTEREST RATES	5.40%
THE CPI	5.38%
THE PRODUCER PRICE INDEX	4.87%
THE PRIME RATE	4.55%
THE GNP	4.35%

Executive predictions about the unemployment rate reinforce the relatively moderate nature of the growth that they foresee. *A majority of executives sees no change in the unemployment rate (57%). The executives who predict a change are more likely to predict growth (34%), at a relatively high rate of 6.8% on average, rather than predict a drop (8%). Senior corporate officers are more likely than other executives to predict an increase in the unemployment rate (41% vs. 31% Vice Presidents and 34% Directors).* Clearly, executives do not foresee the notable increase in new jobs that could be associated with an economic boom* (Tables III-6,7).

Executives say that inflation itself will grow slowly (61%), rather than rapidly (2%). Other indicators, which are effectively components of inflation, the CPI and Producer Price Index, will also grow slowly rather than rapidly (the CPI: 71% slow growth vs. 2% rapid; the Producer Price Index: 54% slow growth and 0% rapid growth). (Tables III-5,6)

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* Any increase in the unemployment rate should be small, because demographic trends in the U.S. seem to indicate we are rushing headlong toward having a shortage of young labor, ages 14-29, in the next several years. This has given hope to those who favor liberalization of immigration laws with Mexico, under the theory that in a few years we will need Mexican labor for certain jobs.

Also pointing toward inflation are the Federal deficit and the price of crude oil. While executives are more likely to predict slow growth in the deficit (39%) rather than rapid growth (12%), the proportion predicting rapid growth is notably higher than it is for these other indicators of inflation.

Moreover, the average predicted increase in the deficit is relatively high compared to inflation, the CPI, and the Producer Price Index. *The average predicted increase in the inflation rate is 6.2%; in the CPI, 5.4%; in the Producer Price index, 4.9%. The relatively high predicted rate of increase in the deficit signifies its inflationary impact: 8.6%* (Tables III-5,6,7)

Executives are only slightly more likely to predict an increase in the price of crude oil (43%) than to predict no change in its price (37%; 13% predict a drop, and 6% are uncertain). The average predicted increase in the price of crude is relatively high compared to other indicators, 8.5%, suggesting that those executives who think the price of oil will rise, see the increase as potentially inflationary (Tables III-5,6,7).

Senior corporate officers are less likely than other executives are to predict that inflation will grow (47% vs. 62% Vice Presidents and 84% Directors) and more likely to predict that it will stay the same (47% vs. 34% Vice Presidents and 16% Directors). But, a majority of the senior corporate officers, like Vice Presidents and Directors, predict an increase in the CPI, the Producer Price Index, and the Federal deficit (Table III-6).

Republicans are less likely than Democrats to predict inflationary trends in the economy, as in the case of growth in inflation itself (60% vs. 73% Democrats and 71% independents), the CPI (73% vs. 81% Democrats vs. 71% independents). But, in the case of the Producer Price Index and the Federal deficit, Republicans and Democrats tend to predict increases. The largest Fortune 1000 firms are more likely than the others to believe that the Producer Price Index will grow (60%, $6 billion+ in revenues vs. 50%, $2-5.9 billion and 51% under $2 billion). (Tables III-5,6)

Executive predictions about wage trends reinforce their belief that inflation will grow. A majority of executives says that "on average, employee wage increases will stay ahead of inflation over the next three years or so" (55% agree vs. 42% disagree and 3% don't know). Executives in the largest companies, however, are somewhat less likely to agree with this prediction (49%, $6 billion or more in revenues vs. 58% each for companies with $2-5.9 billion and under $2 billion in revenues). (See Table II-7A)

D. Economic Uncertainties

Executive concern about inflation and the deficit seems to be reflected in uncertainty about the direction of interest rates.

In the case of long-term rates, the proportion of executives who predict growth (39%) is equal to that of those who predict no change (38%). Only one executive in five predicts a decrease in long-term interest rates (22%). Executives are divided about the direction of the prime rate, with 43% predicting no growth, 35% an increase, and 20%, a decline. Expectations of growth are higher among young executives both for long-term interest rates (45% vs. 34%, age 45+) and the prime rate (40% vs. 31%, age 45+). *The average predicted rise in long-term interest rates is 5.4%. For the prime, it is 4.6%* (Tables III-5,7).

Possibly reflecting the uncertainty about U.S. interest rates, executives are nearly evenly divided between those who predict that the value of the dollar will increase against major foreign currencies such as the yen or deutsche mark (38%) and those who predict it will stay the same (40%). One executive in six (16%) predicts a fall in the dollar. The average predicted increase in the value of the dollar is 6.5% (Tables III-5,6,7). Executives are also divided nearly evenly (in thirds) over the direction of the trade deficit: 34% predict an increase, 32% stability, and 32%, a decline. While the proportion forecasting a decline is large, it is counterbalanced by the fact that close to a quarter of those predicting an increase say it will increase rapidly (9%). Republicans seem to be somewhat more likely than Democrats and independents to predict a widening trade deficit (38% Republicans vs. 31% Democrats and 24% independents). The average predicted rate of increase in the trade deficit is 7.3%, while the average predicted rate of decline is nearly the same: 7.2% (Tables III-5,7,8).

TABLE III-8

Q.12B PERCENTAGE RATE OF DECLINE EXPECTED OVER THE NEXT 12 MONTHS OR SO -- SUMMARY TABLE OF MEANS

BASE: EXPECT INDICATOR TO DECLINE

	TOTAL
THE DOW JONES INDUSTRIAL AVERAGE	10.63%
THE U.S TRADE DEFICIT	7.19%
THE PRICE OF CRUDE OIL	6.79%
VALUE OF DOLLAR VS. MAJOR FOREIGN CURRENCIES SUCH AS THE YEN AND DEUTSCHE MARK	6.66%
THE FEDERAL DEFICIT	6.28%
THE GNP	5.57%
THE UNEMPLOYMENT RATE	4.60%
LONG TERM INTEREST RATES	4.18%
THE PRIME RATE	4.15%
THE PRODUCER PRICE INDEX	4.10%
THE CPI	3.83%
INFLATION	3.63%

E. An Era of Greater Pessimism and Caution

*Comparison with last year's **The Chivas Regal Report on Working Americans: Emerging Values for the 1990s** shows that corporate executives, particularly those in higher leadership positions, are somewhat more pessimistic than the American work force about the country's economic outlook.* While 73% of the working Americans agreed that "the 1990s will be a time of greater caution and saving, rather than in creased buying and spending," executives are even more likely to agree (86%), given their concerns about inflation and the growth of the deficit, their prediction of moderate economic growth, and their uncertainty about the direction of key economic indicators.* Agreement with this prediction is especially high among senior corporate officers (94% vs. 85% Vice Presidents and 84% Directors). (Table III-9)

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*In the study on ***Working Americans***, respondents were asked simply if they agreed or disagreed with the statement that "the 1990s will be a time of greater economic caution and saving, rather than increased buying and spending." In the ***Business Leaders*** study, executives were asked if they agreed strongly, agreed somewhat, disagreed somewhat, or disagreed strongly with the same statement. In the ***Working Americans*** study, 73% agreed, but among executives, agreement was higher: 86%, with 24% in strong agreement and 62% agreeing somewhat. While some of the difference between the two studies may be related to the differing way in which the question was asked, nonetheless the comparison suggests that executives are more likely than other working Americans to see a trend toward greater economic caution.

TABLE III-9

Q.25 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		TITLE		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.
BASE	251	51	134	50
APPEAL OF WALL ST. CAREERS DIMINISHED	87%	88%	86%	86%
GREATER ECONOMIC CAUTION AND SAVING	86%	94%	85%	84%
TREND BACK TO FAMILY VALUES	81%	82%	83%	82%
GREATER CONCERN FOR OTHERS IN COMMUNITY	79%	82%	81%	72%
SHOULD NOT PRESSURE EMPLOYEES TO RETIRE	62%	55%	63%	66%
BABY BOOMERS WILL RETIRE LATER	59%	55%	57%	70%
MORE ANTI-BUSINESS SENTIMENT	39%	37%	37%	46%

Observations

Executives are optimistic about the health of the U.S. economy, but not enthusiastically so. On close examination, their optimism is shot through with considerable concern about the direction of the economy. Indeed, their optimism seems to be based more on their belief that the U.S. will avoid a recession, and not on a feeling that the country is about to enter a boom period. Not surprisingly, they tend to predict slow rather than rapid growth. This growth is reflected in the GNP and the Dow, but whatever jobs are created as a result of this growth will not dent the unemployment rate.

Executives' views on the economy are colored by their anxiety and concern that inflation and the Federal deficit are out of control. Their concern is seen in their forecasts for growth in the rate of inflation itself, the CPI, the Producer Price Index, the Federal deficit, and the price of crude oil. The predicted increases in the Federal deficit and the price of crude oil are particularly high -- inflationary -- relative to other key indicators.

Executives at the top of the corporate hierarchy, senior corporate officers, are more pessimistic than other executives. Though they are less likely to predict the growth of inflation than other executives are, senior corporate officers are more likely to say that a recession is possible in the next 12 months, the Dow will grow slowly, and the unemployment rate will grow.

The concern about inflation and the deficit seems to breed uncertainty about the outlook for interest rates, the value of the dollar against major foreign currencies, and the trade deficit. In this climate of uncertainty, a cautious attitude toward investment and expansion is likely to be inevitable. Business planning is likely to become more difficult and all the more critical if corporations are to find a way to grow profitably.

CHAPTER FOUR: THE CORPORATION UNDER STRESS

The "junk bond era" is dead. Corporations are no longer merging or acquiring each other at the record pace of the 1980s, yet they (and the executives who lead them) will face more stress in the 1990s. Executives predict that in reaction to the excesses of the '80s, the '90s will see:

- *More breakups of corporate conglomerates.*
- *More cautious corporate behavior as the pace of mergers and acquisitions winds down and the junk bond market diminishes.*
- *Greater emphasis on long-term results rather than short-term profits.*
- *Careers in corporate planning take on new luster as the attractiveness of Wall Street careers wanes.*
- *More external scrutiny and regulation of corporate behavior, as well as more job insecurity for corporate executives.*
- *No significant increase in anti-business sentiment in American society.*

A. More Cautious Corporate Behavior

Relative to the '80s, executives predict more cautious corporate behavior. A majority of executives (56%) agrees that "U.S. companies have relied excessively on junk bonds for financing," and many agree that in the wake of the collapse of the junk bond market, "equity financing will be the cheapest way for companies to raise capital in the 1990s" (73%).

Agreement that equity financing will be less expensive than debt is especially high among manufacturers (80% vs. 73% financial/business services and 63% other companies including transportation, communication, utilities, and wholesale and retail distribution). (Table IV-1. See also Table II-7 in Chapter II.)

TABLE IV-1

Q.15 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT RESPONSES"

		AGE		TITLE			JOB SECURITY		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.	MORE	LESS	SAME
BASE	251	105	143	51	134	50	51	109	87
FLEXIBLE BENEFITS MORE WIDESPREAD	86%	87%	87%	88%	84%	94%	96%	82%	86%
STATE LOCAL TAXES LIKELY TO INCREASE	82%	78%	85%	80%	82%	82%	86%	83%	78%
WILL BE FEWER MERGERS IN 1990'S	76%	75%	76%	75%	75%	76%	78%	74%	76%
EQUITY FINANCING CHEAPEST IN 1990'S	73%	73%	73%	76%	69%	76%	76%	71%	71%
FEDERAL INCOME TAX INCREASE LIKELY	66%	67%	65%	73%	65%	66%	59%	68%	67%
MORE COMPANIES WILL OFFER ELDERCARE	65%	63%	68%	69%	60%	76%	67%	66%	63%
LONG-RANGE PLANNING JOBS MORE IMPORTANT	65%	62%	67%	55%	63%	72%	71%	63%	62%
NAT'L HEALTH PLAN BY END OF DECADE	64%	55%	70%	67%	63%	64%	76%	58%	64%
NEED TO PROTECT BENEFITS FROM LBO'S	63%	59%	66%	59%	61%	70%	51%	74%	55%
WILL BE MORE PENSION REPS ON BOARDS	62%	69%	57%	55%	64%	64%	57%	65%	61%
WILL BE MORE STATE REGULATION MERGERS	61%	60%	62%	59%	63%	62%	55%	67%	57%

TABLE IV-1 CONTINUED

		AGE		TITLE			JOB SECURITY		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.	MORE	LESS	SAME
NEED TO PROTECT PENSIONS IN JUNK BONDS	59%	63%	56%	49%	60%	70%	57%	61%	55%
LESS EMPHASIS SHORT TERM/MORE LONG TERM	57%	64%	52%	53%	53%	68%	61%	50%	61%
U.S. CO'S RELIED EXCESSIVELY ON JUNK BONDS	56%	58%	55%	59%	56%	58%	39%	64%	56%
WAGE INCREASES WILL BE AHEAD INFLATION	55%	53%	55%	61%	51%	62%	53%	53%	56%
1990'S WILL SEE MORE CORP. BREAKUPS	54%	50%	56%	63%	53%	52%	45%	58%	54%
PENSION REPS ON BOARD HINDERS MGMT	51%	46%	55%	61%	49%	50%	53%	54%	46%
BUSH S&L RESCUE PLAN LIKELY TO FAIL	41%	45%	40%	47%	34%	54%	47%	43%	37%
SEC LIKELY OUTLAW "GOLDEN PARACHUTE"	31%	28%	34%	39%	27%	34%	33%	33%	30%
HIGH LIKELIHOOD OF RECESSION	27%	29%	27%	37%	23%	32%	12%	38%	24%

Many executives also predict that "there will be fewer mergers and acquisitions in the 1990s" (76%). Slightly over half (54%) of the executives predict that the decade "will see more breakups of corporate conglomerates," a view that is most widely held by senior corporate officers (63% vs. 53% Vice Presidents and 52% Directors).(Table IV-1)

Executives who are feeling less secure in their jobs than they did five years ago are especially sensitive to the pressures on the U.S. corporation. They are more likely to agree that U.S. companies relied excessively on junk bond financing (64% those with less job security and 56% those with the same amount of job security vs. 39% those with more job security) and to predict that there will be more breakups of corporate conglomerates in the 1990s (58% vs. 45% those with more job security and 54% those with the same amount of job security). Executives feeling less secure in their jobs are also more likely to say the '90s will be a time of greater economic caution and saving (90% vs. 80% those with more job security and 86% those with the same amount of job security). (Table IV-1)

B. More Emphasis on Long-Term Planning and Results

The reaction to the 1980s is evident in executives' belief that long-term planning will become more important in U.S. corporations. A majority (57%) predicts that in "in the 1990s, companies will put less emphasis on short-term profits and more emphasis on long-term results." Agreement with this prediction is more widespread among younger executives (64% under 45 vs. 52% age 45+) and, not surprisingly in light of their sensitivity to the changes of the last decade, among executives who feel that they have less job security than they had five years ago (50% vs. 61% each among those who feel more security or the same amount of job security). (Table IV-1)

The likely growth in the importance of long-term results is reflected in executive attitudes toward careers. The great majority of executives (87%) agrees that "the appeal of Wall Street careers has radically diminished," a view that the employees in ***The Chivas Regal Report on Working Americans*** tend to share, though not to the same degree (51% agree vs. 30% disagree and 19% don't know).*

* In the ***Working Americans*** study, respondents were asked simply to agree or disagree with the statement, "in recent months, the appeal of Wall Street careers has radically diminished." This year, in the ***Business Leaders*** study, respondents were asked to agree strongly, agree somewhat, disagree somewhat, or disagree strongly with the same statement minus the phrase "in recent months." While some of the difference between the two studies may reflect the differing way that the questions were asked, the magnitude of the difference suggests that executives, with their greater familiarity with financial matters, are more likely to agree that Wall Street careers are no longer attractive.

Mirroring the diminished appeal of Wall Street careers is the expectation, shared by nearly two executives out of three (65%), that "long-range planning jobs...[will] become more important in my company over the next five years." Senior corporate officers are less likely to agree that long-range planning jobs will become more important (55% vs. Directors and Vice Presidents combined, 66%). (Table IV-1)

Agreement on the growing importance of planning is highest at largest companies (73%, $6 billion+ in revenues or more vs. 62%, $2-5.9 billion and 57% under $2 billion). Executives in manufacturing are less inclined to say that planning jobs will become more important in their companies (56% vs. 65% financial/business services and 74% other industries), reflecting, in part, their relatively smaller size. More than other Fortune 1000 companies, manufacturers tend to be found at the lower end of the revenue scale (62% are under $2 billion vs. 3% for financial/business services and 35%, other industries). (Tables IV-1, 2. See also Table II-7.)

TABLE IV-2

COMPANY SIZE BY INDUSTRY GROUP

		INDUSTRY		
	TOTAL	MFG.	FINANC/ BUS.SER	OTHER
BASE	251	85	94	72
COMPANY REVENUES				
UNDER $2 BILLION	32%	62%	3%	35%
$2-$5.9 BILLION	30%	27%	27%	39%
$6 BILLION OR MORE	37%	11%	70%	26%

Despite the diminished appeal of Wall Street careers represented by the business excesses of such notorious figures as Ivan Boesky and Michael Milken, a majority of executives doubts that "the 1990s will see more anti-business sentiment in American society than at any time since the early 1970s" (57% vs. 39% agree). But, there are some executives who are more concerned than others that anti-business sentiment may grow, especially in manufacturing (51% vs. 32% financial/business services and 36% other industries). Similarly, the minority of executives who are Democrats are more likely than Republicans to predict more anti-business sentiment (52% vs. 39% Republicans and 27% independents). (Table IV-3)

TABLE IV-3

Q.25 AGREEMENT WITH... THE 1990'S WILL SEE MORE ANTI-BUSINESS SENTIMENT IN AMERICAN SOCIETY THAN AT ANY TIME SINCE THE EARLY 1970'S

		INDUSTRY			POLITICAL PARTY		
	TOTAL	MFG.	FINANC/ BUS.SER	OTHER	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	85	94	72	154	52	41
NET AGREE	39%	51%	32%	36%	39%	52%	27%
AGREE STRONGLY	8%	5%	11%	7%	6%	15%	5%
AGREE SOMEWHAT	32%	46%	21%	29%	33%	37%	22%
NET DISAGREE	57%	48%	64%	60%	58%	46%	68%
DISAGREE SOMEWHAT	45%	41%	45%	49%	44%	38%	54%
DISAGREE STRONGLY	13%	7%	19%	11%	14%	8%	15%
DON'T KNOW/NO ANS	3%	1%	4%	4%	3%	2%	5%

C. More External Scrutiny and Regulation

Executives say that during the 1990s, U.S. companies can expect more scrutiny from large investors as well as more government regulation. They predict that "over the next decade, there will be more pension-fund representatives sitting on corporate boards" (62%), but are skeptical about the value of this development, being more likely to agree than disagree that "having pension-fund representatives on your company's board hinders management more than it helps" (51% agree vs. 38% disagree and 11% don't know). A majority of executives predicts that "there will be more state legislation regulating corporate mergers and acquisitions in the next twelve months" (61%). Many executives also feel that Federal legislation is needed to protect both employee-benefit programs in companies acquired through LBOs (63%) and pension funds that are heavily invested in junk bonds (59%). But, despite the increased scrutiny from private investors and government, many executives doubt that "the SEC is likely to outlaw 'Golden Parachutes' in the next five years" (64%). (Table IV-1)

Anticipation of more scrutiny and regulation tends to be higher among the largest companies, those with $6 billion or more in annual revenues. They are more likely than other Fortune 1000 companies to expect to see pension-fund representatives on their boards (72% vs. 54% companies with $2-5.9 billion in revenues and 57% under $2 billion) and more state regulation of mergers and acquisitions (67% vs. 59%, $2-5.9 billion and 56% under $2 billion). Companies with $2 billion or more in revenues are more likely to agree on the need for Federal legislation to protect employee benefit programs in companies acquired by LBOs (65%, $6 billion+ and 67%, $2-5.9 billion vs. 57% under $2 billion). (Table II-7)

Senior corporate officers tend to be most skeptical about the likelihood of more scrutiny and regulation. They are less likely to agree that their companies will have pension-fund representatives on their boards (55% vs. 64% each for Vice Presidents and Directors) and more likely to see pension fund representatives as a hindrance to management (61% vs. 49% Vice Presidents and 50% Directors). While other executives agree on the need for Federal legislation to protect pension funds that are heavily invested in junk bonds (60% Vice Presidents, 70% Directors), senior corporate officers are split over this issue (49% agree vs. 47% disagree). Possibly because they are most affected by "Golden Parachutes," senior executives are more likely to agree that the SEC is likely to outlaw them in the next five years (39% vs. 27% Vice Presidents and 34% Directors). (Table IV-1)

As might be expected, Democrats are more likely than Republicans and independents to predict that there will be more pension-fund representatives on corporate boards over the next decade (77% vs.

59% Republicans and 56% independents) and more state regulation of mergers and acquisitions (71% vs. 63% Republicans and 41% independents). Democrats are also more likely to agree on the need for Federal legislation to protect employee-benefit programs in companies acquired through LBOs (79% vs. 60% Republicans and 56% independents) and pension funds heavily invested in junk bonds (73% vs. 54% Republicans and 59% independents). (Table II-7)

Reflecting their sensitivity to the pressures on U.S. corporations, executives who are feeling less secure in their jobs than they did five years ago are more likely to expect more state regulation of corporate mergers and acquisitions in the next 12 months (67% vs. 55% more security and 57% same amount of job security) and to agree that Federal legislation is needed to protect employee-benefit programs, particularly pensions, in companies acquired through LBOs (74% vs. 51% more security and 55% same amount of security). (Table IV-1)

Observations

In the workplace, the 1990s mark the start of a more conservative and, perhaps, more responsible decade. Developments in the corporate arena typify this shift: After relying excessively on junk bond financing and mergers and acquisitions, corporations will find equity financing cheaper than taking on more debt, and the pace of mergers and acquisitions will slow.

This economic caution does not mean diminished uncertainty and less pressure for corporations and their managers. Since the late 1980s, the pressures of running lean and mean, the collapse of the junk bond market, and the dizzying pace of mergers and acquisitions have combined to make executives feel as if they are working harder, but are less secure in their jobs, and under considerable stress. (See the next chapter, "The Individual Executive.")

Adding to the pressure on executives are the expectations that more conglomerates will be broken up and that corporations will face more scrutiny from shareholders and more government regulation in the '90s. As corporations have to cope with the consequences of such social and fiscal problems as inflation, the deficit, poor schools, and the rapidly rising costs of medical benefits, there is no prospect of things easing up for executives who run U.S. corporations.

To help guide corporations through the uncertainties that lie ahead, executives predict that corporations will start to put more emphasis on long-range results rather than short-term profits. As the attractiveness of Wall Street careers fade, there is the possibility that a new corporate hero or heroine could emerge in long-range planning functions.

CHAPTER FIVE: THE INDIVIDUAL EXECUTIVE

The stress that corporations face as they cope with the legacy of the '80s is also felt by individual executives in their personal lives. As they enter the '90s, executives are:

- *Working harder with more stress and less job security. This is especially true of younger, baby-boom executives and executives at larger companies.*
- *Anticipating working longer: Retirement at 65 may be a thing of the past for younger executives.*
- *Coping with stress through exercise, talking to someone close, spending time alone, enjoying a drink, or taking time off. But, it is still lonelier at the top. Senior corporate officers are more likely to cope with stress by themselves.*
- *Realizing the value of military service, executive veterans feel that their own military experience has helped them deal with the challenges and stress of a career in management. This is especially -- and surprisingly -- true of the Vietnam veterans among them.*
- *Predicting that with all the problems facing American society, there will be a resurgence of community spirit in the coming decade, despite a more demanding work environment.*

A. Work and Stress

Working harder takes its toll in both time and stress among younger baby-boom executives and executives at larger Fortune 1000 companies.

1. Working Harder

A majority of U.S. corporate executives indicate that they are now spending "more time" (61%) rather than "an equal amount of time" (34%) or "less time" (5%) at their jobs than they did five years ago. They say that they are spending, on average, almost 25% (24.3%) more time at their jobs. (Tables V-1, 2)

TABLE V-1

Q.2 WOULD YOU SAY THAT TODAY, COMPARED WITH FIVE YEARS AGO, YOU ARE SPENDING MORE TIME ON YOUR JOB, LESS TIME, OR AN EQUAL AMOUNT OF TIME?

		A G E		HOUSEHOLD INCOME			TITLE		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100-$199K	$200K /MORE	SR.CORP OFFICER	V.P.	DIR.
BASE	251	105	143	71	100	48	51	134	50
MORE TIME	61%	74%	53%	72%	63%	52%	53%	61%	72%
LESS TIME	3%	1%	4%	-	3%	6%	8%	1%	2%
EQUAL TIME	34%	24%	41%	27%	33%	40%	39%	36%	24%
DON'T KNOW/NO ANS	2%	1%	2%	1%	1%	2%	-	2%	2%

TABLE V-2

Q.3 ON A SCALE OF 1 TO 100%, ABOUT HOW MUCH MORE TIME ARE YOU SPENDING ON YOUR JOB THAN YOU WERE FIVE YEARS AGO?

BASE: SPENDING MORE TIME ON JOB

		A G E		HOUSEHOLD INCOME			TITLE		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100-$199K	$200K /MORE	SR.CORP OFFICER	V.P.	DIR.
BASE	155	78	75	51	63	25	27	81	36
UNDER 5%	2%	1%	1%	-	3%	-	4%	2%	-
5-9%	2%	1%	1%	-	3%	-	4%	2%	-
10-14%	17%	14%	20%	18%	11%	32%	22%	16%	14%
15-19%	11%	12%	11%	12%	11%	8%	11%	10%	17%
20-24%	33%	28%	39%	22%	44%	24%	41%	30%	39%
25-29%	10%	13%	7%	12%	6%	12%	4%	11%	8%
30-34%	9%	9%	8%	10%	10%	4%	7%	7%	14%
35-39%	-	-	-	-	-	-	-	-	-
40% OR MORE	17%	23%	12%	24%	14%	16%	11%	21%	8%
DON'T KNOW/NO ANS	1%	-	3%	2%	-	4%	-	2%	-
MEAN	24.26	26.67	21.84	26.54	23.52	22.92	19.81	26.04	21.25
MEDIAN	22.27	23.09	21.66	23.64	22.00	21.33	21.09	22.50	22.00

Younger, "baby-boomer" executives are more likely than older executives to see themselves as spending more time on the job (74% under 45 vs. 53% age 45+). Baby-boomer executives are, on average, putting in close to 27% more time as compared to 22% for older executives. (Table V-2)

Executives at the top are less likely than others to see themselves as working harder. Senior corporate officers -- Senior and Executive Vice Presidents, CFOs, Presidents, CEOs, and Chairmen -- are less likely than either Vice Presidents or Directors to say that they spend more time at their jobs (53% Senior Corporate Officers vs. 61% Vice Presidents and 72% Directors). Similarly, executives with total household incomes of $200,000 or more are least likely to say that they are spending more time on the job (52%, $200,000 or more in total household income vs. 63%, $100,000-$199,000 and 72% under $100,000). Executives at the lower end of the income scale report the largest increase, on average, in time spent on the job (27% under $100,000 total household income vs. 24%, $100,000-199,000 and 23%, $200,000+). (Tables V-1, 2)

Most U.S. executives agree that their company's managers, as a whole, are working harder. *Seven executives out of ten say that their company's middle and senior management are spending more time on the job than they did five years ago* (70% more time vs. 22% equal time and 5% less time). (Table V-3)

Executives at larger companies work harder. Executives at the larger companies among the Fortune 1000 are more likely than executives at smaller ones to report spending more time on their jobs (65%, $2 billion+ in revenues vs. 55% under $2 billion) and more likely to agree that their senior and middle managers spend more time on the job than they did five years ago (75% under $2 billion+ in revenues vs. 63% under $2 billion). (Table V-3)

TABLE V-3

Q.5 WOULD YOU SAY THAT TODAY, COMPARED WITH 5 YEARS AGO, YOUR COMPANY'S MIDDLE AND SENIOR MANAGEMENT ARE SPENDING MORE/LESS/EQUAL TIME ON THE JOB?

		COMPANY REVENUES		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+
BASE	251	81	76	94
MORE TIME	70%	63%	68%	78%
LESS TIME	5%	5%	7%	4%
EQUAL TIME	22%	30%	22%	15%
DON'T KNOW/NO ANS	3%	2%	3%	3%

U.S. corporate executives seem to be working harder than other working Americans. The results from ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** show that, relative to the 61% of corporate executives who say that they spend "more time" on the job, a bare majority of the employees below them (51%) agrees that it is "working harder than it was five years ago."*

2. Working with Less Job Security

Though they are working harder than they did five years ago, over four executives in ten (43%) feel less secure in their jobs than they did five years ago. While a third (35%) feel equally secure compared to five years ago, only one executive in five (20%) feels more secure. Feelings of job insecurity are more widespread among younger rather than older executives (49% under 45 vs. 40% age 45+) and, not surprisingly, among executives who have been in their jobs for less than five years (54% less than five years vs. 31% five years or more).

* The ***Business Leaders*** study asks respondents if they "would say that today, compared to five years ago, you are spending more time on your job, less time, or an equal amount of time," while the ***Working Americans*** study asked respondents if they "would say that today, compared with five years ago, you are working harder, less hard, or equally hard."

Job insecurity is more widespread at larger firms, those with $2 billion or more in revenues, than at firms with less revenues (49% vs. 32%) and also among executives in manufacturing companies (37%) as compared to those in financial and business services and other industries such as transportation, communications, utilities, and wholesale and retail distribution (47%). (Table V-4)

TABLE V-4

Q.6 WOULD YOU SAY THAT YOU HAVE MORE, LESS, OR THE SAME AMOUNT OF JOB SECURITY COMPARED WITH FIVE YEARS AGO?

		AGE		COMPANY REVENUES			INDUSTRY			TIME IN JOB	
	TOTAL	25-44	45 OR OLDER	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	MFG.	FINANC/ BUS.SER	OTHER	UNDER 5 YRS.	5 YRS. /MORE
BASE	251	105	143	81	76	94	85	94	72	133	117
MORE JOB SECURITY	20%	18%	22%	22%	20%	19%	29%	17%	14%	20%	21%
LESS JOB SECURITY	43%	49%	40%	32%	46%	51%	37%	51%	42%	54%	31%
SAME AMOUNT OF JOB SECURITY	35%	32%	36%	46%	30%	29%	33%	29%	44%	24%	46%
DON'T KNOW/NO ANS	2%	1%	2%	-	4%	1%	1%	3%	-	2%	2%

Comparison with ***The Chivas Regal Report on Working Americans***, which also asked the same question about job security, shows that there is less job security at the top of U.S. corporations than in the ranks below. Working Americans are half as likely as corporate executives to say that they have less job security than they did five years ago (19% Working Americans vs. 43% Corporate Executives).

3. Working Longer

Retirement at 65 may become a thing of the past for the baby-boom generation. A majority of executives agrees that "given current and projected economic conditions," baby boomers will tend to retire at a later age than their parents (59% agree vs. 39% disagree and 3% don't know). Baby-boomer executives -- those under 45 -- are more likely than older executives are to "agree strongly" with this view (22% under 45 vs. 8%, age 45+). Since baby-boomer executives are more likely to say they feel less secure now than they did five years ago about their jobs, it is no surprise to find that executives with less job security are more likely than other executives to agree that they will not be able to retire at the same age as their parents did (66% less job security vs. 49% same amount of job security and 59% more job security). (Table V-5)

TABLE V-5

Q.25 AGREEMENT WITH... GIVEN CURRENT AND PROJECTED ECONOMIC CONDITIONS, BABY BOOMERS WILL TEND TO RETIRE AT A LATER AGE THAN THEIR PARENTS

		AGE		JOB SECURITY		
	TOTAL	25-44	45 OR OLDER	MORE	LESS	SAME
BASE	251	105	143	51	109	87
NET AGREE	59%	62%	56%	59%	66%	49%
AGREE STRONGLY	14%	22%	8%	12%	16%	11%
AGREE SOMEWHAT	45%	40%	48%	47%	50%	38%
NET DISAGREE	39%	35%	42%	37%	33%	46%
DISAGREE SOMEWHAT	33%	30%	36%	31%	29%	37%
DISAGREE STRONGLY	6%	6%	6%	6%	4%	9%
DON'T KNOW/NO ANS	3%	3%	2%	4%	1%	5%

A majority of executives also agrees that "companies should not pressure employees to retire by age 70" (62% agree vs. 36% disagree and 2% don't know). Younger executives are twice as likely as their older counterparts to register "strong" agreement with this view (30% under 45 vs. 13% age 45+), possibly because they recognize that they may have to work past 70. Senior corporate officers seem to be less likely than other executives to think that companies should not make employees retire by the time they reach 70, possibly, it may be speculated, because of the cost of keeping employees who are at their maximum salary level on the payroll (55% senior corporate officers vs. 63% Vice Presidents and 66% Directors). (Table V-6)

TABLE V-6

Q.25 AGREEMENT WITH... COMPANIES SHOULD NOT PRESSURE EMPLOYEES TO RETIRE BY AGE 70

		AGE		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
BASE	251	105	143	51	134	50
NET AGREE	62%	65%	60%	55%	63%	66%
AGREE STRONGLY	21%	30%	13%	16%	22%	14%
AGREE SOMEWHAT	41%	35%	47%	39%	41%	52%
NET DISAGREE	36%	35%	37%	45%	35%	32%
DISAGREE SOMEWHAT	29%	30%	29%	35%	28%	30%
DISAGREE STRONGLY	7%	6%	8%	10%	7%	2%
DON'T KNOW/NO ANS	2%	-	3%	-	2%	2%

4. Executive Stress

Executives lead stressful lives: A third say that they have "a lot" of stress (35%), and nearly 60% (59%) have "some stress." Few report that they have "not much stress" or "no stress at all" (6%). (Table V-7) Comparison with another recent survey, ***The Mitchum Report on Stress in the '90s***, shows that executives have more stress than the average American.*

Stress is clearly related to job security and length of time in current job. Executives who feel more secure in their jobs are less likely than others to report having "a lot or some stress" (82% those with more job security vs. 96% those with less job security and 97% those with the same amount of job security). Executives who feel less secure in their jobs are more likely than other executives to report "a lot of stress" in their daily lives (42% those with less job security vs. 29% those with more job security and 28% those with the same amount of job security). Similarly, executives who have been in their jobs for less than five years are reporting "a lot" of stress (40% under five years vs. 29% five or more years). Since younger executives are more likely than their older counterparts to be in their current positions for less than five years and to feel they have less job security, younger executives have more stress. (Table V-7)

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* ***The Mitchum Report on Stress in the '90s***, also conducted by Research & Forecasts, involved a representative sample of the U.S. adult population at large (501 interviews in total). Relative to executives, adults are less likely to report a lot of stress (26% vs. 35% executives) or some stress in their lives (50% vs. 59% executives), but more likely to report not much stress or no stress at all (24% vs. 6% executives).

TABLE V-7

Q.8 IN GENERAL, WOULD YOU SAY THAT YOU HAVE A LOT OF STRESS IN YOUR DAILY LIFE, SOME STRESS, NOT MUCH STRESS, OR NO STRESS AT ALL?

		A G E		VETERAN		TIME IN JOB		JOB SECURITY		
	TOTAL	25-44	45 OR OLDER	YES	NO	UNDER 5 YRS.	5 YRS. /MORE	MORE	LESS	SAME
BASE	251	105	143	105	146	133	117	51	109	87
NET HIGH	93%	96%	92%	90%	95%	92%	94%	82%	96%	97%
A LOT OF STRESS	35%	39%	32%	34%	35%	40%	29%	29%	42%	28%
SOME STRESS	59%	57%	59%	56%	60%	53%	65%	53%	54%	69%
NET LOW	7%	4%	8%	10%	5%	8%	6%	18%	4%	3%
NOT MUCH STRESS	6%	4%	8%	10%	4%	7%	6%	18%	3%	3%
NO STRESS AT ALL	*	-	1%	-	1%	1%	-	-	1%	-
DON'T KNOW/NO ANS	-	-	-	-	-	-	-	-	-	-

* Less than .5%

5. Work Life More Stressful Than Home Life

While most executives experience more stress in the workplace than they do in their homes (77% more stress at work vs. 21% equal stress at work and home and 2% more stress at home), work-related stress is more likely to *cause* stress at home for younger executives than for older ones (37% under 45 vs. 27% age 45+). It is probable, too, that younger executives feel more stress because they simply lack the experience that comes with age to help them cope with stress: Executives 45 and older are more likely than younger executives to say that they deal "very effectively with the current level of stress in their lives" (43% age 45+ vs. 30% under 45). (Tables V-8, 9, 10)

TABLE V-8

Q.9 WOULD YOU SAY THAT YOU EXPERIENCE MORE STRESS AT WORK, MORE STRESS AT HOME, OR ABOUT EQUAL AMOUNTS OF STRESS AT HOME AND AT WORK?

BASE: HAVE A LOT, SOME, OR NOT MUCH STRESS IN LIFE

		AGE	
	TOTAL	25-44	45 OR OLDER
BASE	250	105	142
MORE STRESS AT WORK	77%	77%	78%
MORE STRESS AT HOME	2%	4%	-
EQUAL AMOUNTS AT HOME AND WORK	21%	19%	22%
DON'T KNOW/NO ANS	-	-	-

TABLE V-9

Q.9A DOES STRESS AT WORK LEAD TO MORE STRESS FOR YOU AT HOME?
BASE: MORE STRESS AT WORK

		A G E	
	TOTAL	25-44	45 OR OLDER
BASE	193	81	111
YES	31%	37%	27%
NO	66%	61%	70%
DON'T KNOW/NO ANS	3%	2%	3%

TABLE V-10

Q.11 OVERALL, WOULD YOU SAY THAT YOU DEAL WITH THE CURRENT LEVEL OF STRESS IN YOUR LIFE VERY/SOMEWHAT EFFECTIVELY/SOMEWHAT/NOT AT ALL EFFECTIVELY?

		<--------------	------------>
	TOTAL	25-44	45 OR OLDER
BASE	251	105	143
NET EFFECTIVELY	95%	95%	94%
VERY EFFECTIVELY	38%	30%	43%
SOMEWHAT EFFECTIVELY	57%	65%	51%
NET INEFFECTIVELY	4%	4%	4%
SOMEWHAT INEFFECTIVELY	4%	4%	4%
NOT AT ALL EFFECTIVELY	-	-	-
DON'T KNOW/NO ANS	1%	1%	1%

6. How They Cope

While tranquilizers and psychiatrists may have been popular stress relievers in the '70s and '80s, in the '90s, most executives -- at least three out of four -- "talk to their spouses or companions about how they feel" (80%), "exercise or take part in a sport" (75%), and "get involved with a hobby or favorite recreational activity" (75%). Many also "talk to a close business friend or associate" about how they feel (61%), but nearly as many also indicate that they "spend time alone by [themselves]" (55%). One executive out of three indicates that he or she will "have a glass of wine or liquor" (35%) or "take time off from work" (33%). "Praying" (27%), "eating a favorite food" (24%), "having sex" (23%), and "meditation" (20%) are other stress-relieving alternatives. Surprisingly, very few executives seek outside counseling (4% "speak to a counselor or therapist") or indicate that they relieve stress by attacking its cause (2% "solve the problem"). (Table V-11)

TABLE V-11

Q.10 THINKING OF THE MOST RECENT TIMES YOU'VE EXPERIENCED STRESS, DID YOU DO ANY OF THE FOLLOWING TO RELIEVE STRESS -- SUMMARY OF "YES" RESPONSES

		A G E		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
BASE	251	105	143	51	134	50
TALK TO YOUR SPOUSE OR COMPANION	80%	85%	77%	63%	87%	78%
EXERCISE OR TAKE PART IN A SPORT	75%	76%	74%	63%	82%	74%
GET INVOLVED WITH HOBBY/ACTIVITY	75%	79%	72%	69%	78%	80%
TALK TO BUSINESS FRIEND/ASSOCIATE	61%	67%	57%	43%	66%	64%
SPEND TIME ALONE, BY YOURSELF	55%	51%	57%	51%	57%	58%
HAVE A GLASS OF WINE OR LIQUOR	35%	30%	40%	37%	36%	36%
TAKE TIME OFF FROM WORK	33%	39%	29%	35%	34%	34%
PRAY	27%	25%	28%	25%	25%	36%
EAT A FAVORITE FOOD	24%	25%	23%	16%	28%	22%
HAVE SEX	23%	21%	24%	25%	21%	24%
MEDITATE	20%	10%	27%	27%	19%	18%
SMOKE A CIGAR OR CIGARETTE	15%	16%	15%	20%	13%	18%

TABLE V-11 CONTINUED

		AGE		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
SPEAK TO A COUNSELOR/THERAPIST	4%	5%	3%	-	4%	6%
TAKE A PRESCRIBED MEDICATION	3%	3%	3%	-	4%	6%
USE BIOFEEDBACK	3%	2%	4%	4%	4%	2%
DEAL WITH/SOLVE THE PROBLEM/SOURCE	2%	2%	2%	4%	1%	2%
DO YOGA	1%	1%	1%	2%	1%	-
OTHER	9%	10%	8%	8%	10%	8%

When asked to choose the single *most* effective activity for relieving stress, exercise and sports lead the list at 39%, mentioned over twice as often as the activities that rank second and third, respectively: getting involved with a favorite hobby or recreational activity (15%) and talking to one's spouse or companion (12%). (Table V-12)

TABLE V-12

Q.10A THINKING OF THE THINGS YOU DID, WHICH ONE OF THEM DO YOU FIND MOST EFFECTIVE FOR RELIEVING STRESS?

		A G E		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
BASE	251	105	143	51	134	50
EXERCISE OR TAKE PART IN A SPORT	39%	46%	34%	28%	42%	40%
GET INVOLVED WITH HOBBY/ACTIVITY	15%	12%	17%	10%	19%	8%
TALK TO YOUR SPOUSE OR COMPANION	12%	13%	11%	12%	13%	10%
TALK TO BUSINESS FRIEND/ASSOCIATE	6%	3%	8%	6%	4%	10%
SPEND TIME ALONE, BY YOURSELF	4%	2%	6%	14%	1%	2%
TAKE TIME OFF FROM WORK	4%	4%	3%	8%	2%	4%
PRAY	3%	3%	3%	4%	2%	6%
MEDITATE	2%	1%	3%	2%	2%	4%
SMOKE A CIGAR OR CIGARETTE	1%	2%	1%	-	1%	2%
HAVE A GLASS OF WINE OR LIQUOR	1%	1%	1%	-	1%	-
EAT A FAVORITE FOOD	1%	1%	1%	2%	1%	-
DEAL WITH/SOLVE THE PROBLEM/SOURCE	1%	-	1%	2%	1%	-

TABLE V-12 CONTINUED

		AGE		TITLE		
	TOTAL	25-44	45 OR OLDER	SR.CORP OFFICER	V.P.	DIR.
HAVE SEX	-	1%	-	-	1%	-
DO YOGA	-	-	-	-	-	-
TAKE A PRESCRIBED MEDICATION	-	-	-	-	-	-
USE BIOFEEDBACK	-	-	-	-	-	-
SPEAK TO A COUNSELOR/THERAPIST	-	-	-	-	-	-
OTHER	1%	1%	1%	-	2%	-
DON'T KNOW/NO ANS	10%	10%	10%	12%	8%	14%

Younger executives are more likely to relieve stress by talking to their spouses (85% vs. 77% age 45+) or to business friends and associates (67% vs. 57% age 45+), while older executives are more likely to have a glass of wine or liquor (40% vs. 30% under 45) or meditate (27% vs. 10% under 45). Younger executives are also more likely to say that exercise and sports are the most effective ways to relieve stress (46% vs. 34% age 45+). (Tables V-11, 12)

As executives move up the corporate ladder, they rely more on their own inner resources to cope with stress: Senior corporate officers are less likely than other executives to talk to their spouses or companions (63% vs. 87% Vice Presidents and 78% Directors) or to business friends or associates (43% vs. 66% Vice Presidents and 64% Directors), but they are more likely to report meditating (27% vs. 19% Vice Presidents and 18% Directors). Senior corporate officers are also less likely to mention exercise and sports as being more effective than are other executives (28% vs. 42% Vice Presidents and 40% Directors), but are more likely to find that spending time alone by themselves is the most effective way to relieve stress (14% vs. 1% Vice Presidents and 2% Directors). (Tables V-11, 12)

B. Military Service and Executive Careers

A profile of executive veterans indicates that they consider their military service as a valuable experience for dealing with the considerable demands of leadership positions at the top of the corporate hierarchy.

1. A Demographic Profile of the Executive Veteran

Over four executives in ten (42%) are veterans. Compared to other executives, veterans are older -- their average age is 53 as opposed to 43 for nonveterans. Only one veteran executive in three (33%) is under 50. They are entirely male. Veterans are as likely to be married (87%) as are nonveterans (81%), but, because they are older, their families tend to be older: Veterans are twice as likely as nonveterans to have adult children, i.e., 19 or older (69% veterans vs. 34% nonveterans), but less likely to have younger children (42% veterans vs. 74% nonveterans). (Table V-13)

TABLE V-13

VETERANS' DEMOGRAPHIC PROFILE

	Total	Veteran	Non-Veteran
Base	251	105	146
Age			
Under 50	62%	32%	83%
50 or more	37%	67%	16%
Average	47.37	53.02	43.28
Gender			
Male	84%	98%	74%
Female	15%	-	25%
Marital Status			
Married	84%	87%	81%
Separated/Divorced	8%	6%	10%
Single	6%	3%	9%
Widowed	2%	4%	-
Have Children			
Age 19 or older	48%	69%	34%
18 or younger	60%	42%	74%
None	15%	7%	21%
Job Title			
Senior Corporate Officer	20%	24%	18%
Vice President	53%	50%	56%
Director	20%	22%	18%
Other	6%	5%	7%
Average Number of Years with Current Company	13.31	16.50	11.02
Average Number of Years in Current Job	5.74	7.07	4.79
Average 1989 Personal Income ($)	167,578	198,886	143,492
Average 1989 Total Household Income ($)	185,947	215,156	163,150

Reflecting their older demographic profile, veterans, on average, have spent more time with their current companies (17 years) than nonveterans (11 years) and have been in their current jobs longer (7 years veterans vs. 5 years, nonveterans). Not surprisingly, relative to nonveterans, veterans are likely to report higher average personal incomes ($198,866 vs. $143,492 for nonveterans) and household incomes ($215,156 vs. $163,150 for nonveterans) for 1989. Veterans' higher incomes would appear to reflect their older demographic profile rather than their job level, since veterans are not significantly more likely than nonveterans to be found in the various levels of corporate management (senior corporate officers: 24% veterans, 18% nonveterans; Vice Presidents: 50% veterans, 56% nonveterans; and Directors: 22% veterans, 18% nonveterans). (Table V-13)

2. Military Careers

A majority of executive veterans (57%) served in the Army. Nearly equal proportions served in the either the Air Force (19%) or the Navy (17%). Relatively few executives served in the Marines (7%) or the National Guard (2%). (There were even a few who said that they were in both the Air Force and the Navy.) Hardly any (5%) are currently in the armed forces reserves. (Tables V-14, 15)

TABLE V-14

Q.21A IN WHICH BRANCH OF THE ARMED SERVICES DID YOU SERVE, INCLUDING THE RESERVES?
BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
U.S. ARMY	57%	61%	54%
AIR FORCE	19%	18%	20%
NAVY	17%	12%	20%
MARINES	7%	3%	9%
NATIONAL GUARD	2%	6%	-
COAST GUARD	-	-	-
DON'T KNOW/NO ANS	-	-	-

TABLE V-15

Q.21G ARE YOU CURRENTLY IN THE ARMED FORCES RESERVES?
BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
YES	5%	6%	4%
NO	94%	91%	96%
DON'T KNOW/NO ANS	1%	3%	-

Most younger veterans -- those under 50 years old -- served during the Vietnam War (85%). Most older veterans served either during the Korean War (46%) or the interludes of peace that followed World War II or the Korean War (30%). Only one older veteran out of six (17%) saw service during World War II, and hardly any served during the Vietnam years (6%). (Table V-16)

TABLE V-16

Q.21B DID YOU SERVE DURING...

BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
THE VIETNAM WAR	31%	85%	6%
THE KOREAN WAR	30%	-	46%
WORLD WAR II	12%	-	17%
NONE OF THE ABOVE	25%	15%	30%
DON'T KNOW/NO ANS	2%	-	3%

Reflecting the fact that younger veterans are more likely than older veterans to have served during wartime, younger veterans are more likely than older ones to report having been in combat (41% veterans under 50 vs. 26% veterans age 50+). Among both the younger and older veterans, a majority of those who saw action received combat decorations (67% veterans under 50 vs. 58% veterans age 50+). Apart from theater service medals and ribbons, the eight younger veterans decorated for combat duty won the Bronze Star, Air Medal, or service awards. Older veterans reported winning the Infantry Combat Badge, Battle Stars, and a Presidential Citation. (Tables V-17, 18)

TABLE V-17

Q.21C WERE YOU IN COMBAT?

BASE: SERVED IN WORLD WAR II, KOREA OR VIETNAM

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
TOTAL	77	29	47
YES	32%	41%	26%
NO	68%	59%	74%
DON'T KNOW/NO ANS	-	-	-

TABLE V-18

Q.21E WHICH DECORATIONS DID YOU RECEIVE?

BASE: WERE IN COMBAT AND RECEIVED DECORATIONS

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE*	16	8	7
THEATER SERVICE MEDALS/RIBBONS	31%	25%	43%
BRONZE STAR	19%	25%	-
AIR MEDAL	13%	25%	-
SERVICE AWARD (NS)	6%	13%	-
INFANTRY COMBAT BADGE	6%	-	14%
BATTLE STARS	6%	-	14%
OTHER	25%	-	57%
DON'T KNOW/NO ANS	13%	25%	-

* CAUTION: EXTREMELY SMALL BASE NUMBERS

The proportion of senior corporate officers who were commissioned officers (60%) is higher than that among Directors (38%) and Vice Presidents (48%). Interestingly, younger, Vietnam-era veterans, who have more years ahead of them to advance up the corporate ladder than do older veterans, are more likely than their older counterparts to have been commissioned officers (53% veterans under 50 vs. 43% veterans age 50+). (Tables V-19, 20)

TABLE V-19

Q.21F WERE YOU A COMMISSIONED OFFICER?

BASE: VETERAN OF U.S. ARMED SERVICES

		TITLE		
	TOTAL	SR.CORP OFFICER	V.P.	DIR.
BASE	105	25	52	23
YES	46%	60%	38%	48%
NO	53%	40%	60%	52%
DON'T KNOW/NO ANS	1%	-	2%	-

TABLE V-20

Q.21F WERE YOU A COMMISSIONED OFFICER?

BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
YES	46%	53%	43%
NO	53%	44%	57%
DON'T KNOW/NO ANS	1%	3%	-

3. The Value of Military Service for an Executive Career

Executive veterans agree that military service helps them manage more effectively and make decisions quickly. Large majorities of them agree "strongly" or "somewhat" that "military service is excellent preparation for a career in management" (75%), that "their military service has helped them to understand the way large organizations function" (74%), and that "their military experience has helped them in dealing with corporate crises quickly" (65%). (Table V-21)

TABLE V-21

Q.21H AGREEMENT WITH STATEMENTS ABOUT MILITARY SERVICE -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
SHOULD MAINTAIN ALL-VOLUNTEER ARMY	77%	76%	77%
EXCELLENT PREPARATION FOR MGMT	75%	85%	71%
HELPED ME TO UNDERSTAND ORGANIZATIONS	74%	79%	71%
HELPED ME DEAL WITH CORPORATE CRISES	65%	68%	64%
CONCERNED MANY MGRS HAVE NOT SERVED	43%	47%	40%

Younger, Vietnam-era veterans seem to take a particularly positive view of the value of their military experience for their corporate careers. They are especially more likely than veterans 50 and older to agree "strongly" that "their military service has helped them to understand the way large organizations function" (53% vs. 30% veterans age 50+), that "their military experience has helped them in dealing with corporate crises quickly" (53% vs. 31% veterans age 50+), and that "military service is excellent preparation for a career in management" (41% vs. 31% veterans age 50+). While large majorities of younger and older veterans (76% veterans under 50; 77% veterans age 50+; 77% all veterans) agree "strongly" or "somewhat" that the U.S. should continue to maintain an all-volunteer army, there is some concern, especially among younger veterans, that many managers today are missing valuable experience because they are not serving in the armed forces. Forty-three percent of all executive veterans agree "strongly" or "somewhat" that they are "concerned that many managers today have not served in the armed forces," a view with which younger managers are more likely than older veterans to agree "strongly" (32% vs. 16% age 50 or older). (Table V-22)

TABLE V-22

Q.21H AGREEMENT WITH STATEMENTS ABOUT MILITARY SERVICE -- SUMMARY TABLE OF "AGREE STRONGLY" RESPONSES

BASE: VETERAN OF U.S. ARMED SERVICES

	TOTAL	VETERANS UNDER AGE 50	VETERANS AGE 50+
BASE	105	34	70
SHOULD MAINTAIN ALL-VOLUNTEER ARMY	41%	41%	40%
HELPED ME TO UNDERSTAND ORGANIZATIONS	8%	53%	31%
HELPED ME DEAL WITH CORPORATE CRISES	37%	53%	30%
EXCELLENT PREPARATION FOR MGMT	34%	41%	31%
CONCERNED MANY MGRS HAVE NOT SERVED	21%	32%	16%

Military experience may be helping some executive veterans handle the stress in their daily lives. Two-thirds of the veterans who report having "a lot" of stress agree that their military service was excellent preparation for a management career (69%) and has helped them understand how large organizations work (67%), but among veterans with less (i.e., "some" or "not much") stress, agreement with these statements is even higher (78% for both statements). (Table V-23)

TABLE V-23

Q.21H AGREEMENT WITH STATEMENTS ABOUT MILITARY SERVICE -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

BASE: VETERAN OF U.S. ARMED SERVICES

		DAILY STRESS	
	TOTAL	A LOT	SOME/NOT MUCH
BASE	105	36	69
SHOULD MAINTAIN ALL-VOLUNTEER ARMY	77%	75%	78%
EXCELLENT PREPARATION FOR MGMT	75%	69%	78%
HELPED ME TO UNDERSTAND ORGANIZATIONS	74%	67%	78%
HELPED ME DEAL WITH CORPORATE CRISES	65%	67%	64%
CONCERNED MANY MGRS HAVE NOT SERVED	43%	50%	39%

C. A Commitment to Family

Despite the pressures of their careers, corporate executives are family-oriented. Most are currently married (84%) and have children (85%). Many (60%) say their family and work lives are "equally fulfilling," while close to a third say that they "get more personal fulfillment from their family life" (31%). Few find their work life more fulfilling (8%). Most executives (81%) agree, too, that "there is a growing trend back toward family values in America today." According to ***The Chivas Regal Report on Working Americans***, belief in this trend may be even more widespread among executives than it is among the people who work for them (Tables V-24, 25).*

The tendency to find work and family equally fulfilling is more prevalent among executives 45 or older (67% vs. 51% under 45). In contrast, younger executives are more likely to say that they find more fulfillment in their family lives than work (38% vs. 26%, age 45+).

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* In the study on ***Working Americans***, respondents were asked simply if they agreed or disagreed with the statement, "there is a growing trend back toward family values in America today." In the ***Business Leaders*** study, executives were asked if they agreed strongly, agreed somewhat, disagreed somewhat, or disagreed strongly with the same statement. In the ***Working Americans*** study, 68% agreed that there is a growing trend back to family values, while among executives, the agreement level appears to be higher: 81%, with 18% agreeing strongly and 64% agreeing somewhat. While some of the difference between the two studies may be related to the differing way in which the question was asked, nonetheless the data suggest stronger agreement on the part of executives.

They are also more likely to agree "strongly" that there is a growing trend toward family values in American society (25% under 45 vs. 13% age 45+). (Tables V-24,25)

Younger executives' sense of greater fulfillment at home than at work and their stronger belief in a return to family values may be related to the fact that they are more likely to be raising families with young children (64% have children under 12 as compared to 15% for older executives). As a comparison with the results of ***The Chivas Regal Report on Working Americans*** suggests, younger executives are in line with other baby boomers in finding more fulfillment in their families than at work.* Their commitment to family values may also reflect their greater insecurity about their jobs and a tendency to search for security within the family. It is noteworthy that executives who feel that they have less job security now than five years ago are more likely than others to find more fulfillment in their family lives than at work (37% less job security vs. 29% more job security and 25% same amount of job security). (Table V-24)

* When asked the same question that executives were asked, "do you get more personal fulfillment from your work life today, your family life, or are they equally fulfilling?", working Americans were less likely than executives to say that they find family and work equally fulfilling (46% vs. 60% executives) and more likely to say that their family life is more fulfilling (44% vs. 31% executives). The responses of working Americans, of whom 71% were baby boomers i.e., between 25 and 40, at the time that the study was conducted, are closer to those of younger executives than to those of older ones.

TABLE V-24

Q.7 DO YOU GET MORE PERSONAL FULFILLMENT FROM YOUR WORK LIFE TODAY, YOUR FAMILY LIFE, OR ARE THEY EQUALLY FULFILLING?

		AGE		JOB SECURITY		
	TOTAL	25-44	45 OR OLDER	MORE	LESS	SAME
BASE	251	105	143	51	109	87
MORE FULFILLMENT FROM WORK LIFE	8%	10%	6%	10%	9%	5%
MORE FULFILLMENT FROM FAMILY LIFE	31%	38%	26%	29%	37%	25%
EQUALLY FULFILLING	60%	51%	67%	61%	54%	67%
DON'T KNOW/NO ANS	1%	1%	1%	-	-	3%

D. A Renewed Commitment to Public Service

As the '80s -- the "yuppie decade" or the "decade of greed" to some -- passes, many executives predict "that in the 1990s, there will be a greater concern for others in the community" (79%). (Table V-25) In this respect, they appear to be even more optimistic than the rest of the workforce. As ***The Chivas Regal Report on Working Americans: Emerging Values for the 1990s*** revealed, a smaller majority of working Americans, 62%, agreed that concern for others in the community would grow in the decade to come.*

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*In the study of ***Working Americans***, respondents were asked simply if they agreed or disagreed with the statement that "in the 1990s, there will be a greater concern for others in the community." In the ***Business Leaders*** study, executives were asked if they agreed strongly, agreed somewhat, disagreed somewhat, or disagreed strongly with the same statement. In the ***Working Americans*** study, 62% agreed, but among executives, agreement was higher: 79%, with 16% in strong agreement and 63% agreeing somewhat. While some of the difference between the two studies may be related to the differing way in which the question was asked, nonetheless the size of the difference suggests that executives are more likely than other working Americans to see a trend toward greater concern for others in the community.

TABLE V-25

Q.25 AGREEMENT WITH STATEMENTS -- SUMMARY TABLE OF "AGREE STRONGLY/SOMEWHAT" RESPONSES

		AGE		HOUSEHOLD INCOME			COMPANY REVENUES		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100- $199K	$200K /MORE	UNDER $2 BIL	$2-$5. BIL	$6 BIL+
BASE	251	105	143	71	100	48	81	76	94
APPEAL OF WALL ST. CAREERS DIMINISHED	87%	86%	88%	82%	92%	88%	89%	83%	89%
GREATER ECONOMIC CAUTION AND SAVING	86%	85%	88%	83%	86%	88%	85%	83%	90%
TREND BACK TO FAMILY VALUES	81%	83%	81%	70%	93%	83%	79%	80%	84%
GREATER CONCERN FOR OTHERS IN COMMUNITY	79%	79%	80%	76%	82%	81%	77%	78%	82%
SHOULD NOT PRESSURE EMPLOYEES TO RETIRE	62%	65%	60%	66%	62%	56%	62%	63%	62%
BABY BOOMERS WILL RETIRE LATER	59%	62%	56%	61%	59%	60%	60%	59%	56%
MORE ANTI-BUSINESS SENTIMENT	39%	42%	38%	45%	37%	33%	42%	45%	33%

Whatever their political affiliation, executives are committed to the public-service ethic: 70% agree strongly "that performing public service is an important value in our society today," and another 29% agree "somewhat" with this view. (Only 1% disagrees "somewhat.") The importance of public service as a social value increases with executives' affluence (from 59% "strongly agree" among those under $100,000 in total household income to 71% among households with $100,00-199,000 in income and 75% among those with $200,000+ in total household income). (Table V-26) As a comparison with ***The Chivas Regal Report on Working Americans*** shows, executives are more committed than working Americans are to this social value (70% vs. 58% working Americans).

TABLE V-26

Q.18 TO WHAT EXTENT DO YOU AGREE THAT PERFORMING PUBLIC SERVICE IS AN IMPORTANT VALUE IN OUR SOCIETY TODAY?

		AGE		HOUSEHOLD INCOME			COMPANY REVENUES		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100-$199K	$200K /MORE	UNDER $2 BIL	$2-$5 BIL	$6 BIL+
BASE	251	105	143	71	100	48	81	76	94
NET AGREE	100%	99%	100%	100%	99%	100%	99%	100%	100%
AGREE STRONGLY	70%	69%	71%	59%	71%	75%	62%	70%	78%
AGREE SOMEWHAT	29%	30%	29%	41%	28%	25%	37%	30%	22%
NET DISAGREE	*	1%	-	-	1%	-	1%	-	-
DISAGREE SOMEWHAT	*	1%	-	-	1%	-	1%	-	-
DISAGREE STRONGLY	-	-	-	-	-	-	-	-	-
DON'T KNOW/NO ANS	-	-	-	-	-	-	-	-	-

* Less than .5%

Corporate executives act on this commitment to public service. Most executives work for companies that encourage their employees to volunteer time for any kind of public service work (82%). The smallest Fortune 1000 companies, however, are less likely to encourage employees in this respect (73% under $2 billion in revenues vs. 84%, $2-5.9 billion and 88%, $6 billion+). (Table V-27)

TABLE V-27

Q.19 DOES YOUR COMPANY ENCOURAGE ITS EMPLOYEES TO VOLUNTEER TIME FOR ANY KIND OF PUBLIC SERVICE?

		AGE		HOUSEHOLD INCOME			COMPANY REVENUES		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100-$199K	$200K /MORE	UNDER $2 BIL	$2-$5. BIL	$6 BIL+
BASE	251	105	143	71	100	48	81	76	94
YES	82%	81%	84%	79%	83%	85%	73%	84%	88%
NO	17%	18%	15%	20%	16%	13%	26%	16%	10%
DON'T KNOW/NO ANS	1%	1%	1%	1%	1%	2%	1%	-	2%

The typical executive devotes over five hours each week to public-service work (5.4 hours). Older executives typically donate more time, close to six hours each week, as opposed to nearly five hours for younger executives (5.7 hours age 45+ vs. 4.8 hours under 45), possibly because older executives are more likely to be finished with raising their families and therefore have more time to volunteer. At the same time, because younger executives see themselves as working harder, they may feel that they have less time to give to public service. The evidence also suggests that the time devoted to public service increases with affluence, as the average and, especially, the median number of hours spent weekly in public service is highest among executives with total household incomes of $200,000 or more (Median hours: 5.4 vs. 4.0 hours $100,000-$199,000 in household income and 3.7 hours under $100,000) (Table V-28).

TABLE V-28

Q.17 ABOUT HOW MANY HOURS A WEEK DID YOU SPEND DOING PUBLIC SERVICE WORK IN THE LAST YEAR?

		A G E		HOUSEHOLD INCOME			COMPANY REVENUES		
	TOTAL	25-44	45 OR OLDER	UNDER $100K	$100- $199K	$200K /MORE	UNDER $2 BIL	$2-$5. BIL	$6 BIL+
BASE	251	105	143	71	100	48	81	76	94
NONE	6%	6%	6%	6%	7%	2%	5%	5%	6%
1 TO 4 HOURS	46%	55%	39%	47%	42%	46%	49%	53%	37%
5 TO 10 HOURS	25%	20%	30%	24%	27%	29%	25%	25%	27%
MORE THAN 10 HOURS	23%	19%	24%	23%	23%	23%	21%	17%	29%
DON'T KNOW/NO ANS	*	-	1%	-	1%	-	-	-	1%
MEAN	5.35	4.79	5.72	5.25	5.43	5.63	5.19	4.90	5.86
MEDIAN	3.90	3.38	5.81	3.74	4.00	5.36	3.70	3.55	6.00

* Less than .5%

Many executives, furthermore, believe their companies are obligated to foster a spirit of public service among employees. Close to two-thirds of all executives say that their companies "should allow employees to volunteer a certain number of days with pay for public-service causes" (64%), a view that is stronger among Democrats (73%) than Republicans (64%) and independents (61%). (Table V-29) On average, executives think that employees should be allowed to volunteer four days (3.8 days) with pay for public-service work. (Table V-30).

TABLE V-29

Q.19A DO YOU THINK THAT COMPANIES SUCH AS YOURS SHOULD ALLOW EMPLOYEES TO VOLUNTEER A CERTAIN NUMBER OF DAYS WITH PAY FOR PUBLIC-SERVICE CAUSES?

		COMPANY REVENNUES			POLITICAL PARTY		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	251	81	76	94	154	52	41
YES	64%	65%	64%	65%	64%	73%	61%
NO	32%	33%	33%	30%	33%	23%	34%
DON'T KNOW/NO ANS	4%	2%	3%	5%	3%	4%	5%

TABLE V-30

Q.19B ABOUT HOW MANY DAYS SHOULD COMPANIES ALLOW THEIR EMPLOYEES TO DONATE WITH PAY?
BASE: THINK COMPANIES SHOULD ALLOW EMPLOYEES TO VOLUNTEER

		COMPANY REVENNUES			POLITICAL PARTY		
	TOTAL	UNDER $2 BIL	$2-$5. BIL	$6 BIL+	REPUB-LICAN	DEMO-CRAT	INDEP. /OTHER
BASE	162	52	49	61	98	38	25
ONE TO TWO DAYS	25%	23%	22%	28%	30%	16%	16%
THREE TO FOUR DAYS	28%	27%	33%	28%	30%	29%	28%
FIVE DAYS	23%	21%	27%	21%	19%	26%	32%
MORE THAN FIVE DAYS	18%	19%	12%	21%	17%	21%	16%
DON'T KNOW/NO ANS	6%	10%	6%	2%	4%	8%	8%
MEAN	3.81	3.87	3.77	3.80	3.64	4.16	4.11
MEDIAN	3.77	3.79	3.75	3.76	3.62	4.00	4.00

Military experience seems to reinforce executives' belief in the importance of public service. Not only do executive veterans spend somewhat more time each week in public-service work (on average, 5.8 hours for veterans vs. 5 hours for nonveterans), but veterans are also more likely than nonveterans to believe that their companies should allow their employees to volunteer a certain number of days during the year for public-service causes (72% veterans vs. 59% nonveterans). (Tables V-31, 32)

TABLE V-31

Q.17 ABOUT HOW MANY HOURS A WEEK DID YOU SPEND DOING PUBLIC-SERVICE WORK IN THE LAST YEAR?

		VETERAN	
	TOTAL	YES	NO
NONE	6%	4%	7%
1 TO 4 HOURS	46%	41%	48%
5 TO 10 HOURS	25%	28%	24%
MORE THAN 10 HOURS	23%	27%	20%
DON'T KNOW/NO ANS	*	-	1%
MEAN	5.35	5.79	5.03
MEDIAN	3.90	5.69	3.62

TABLE V-32

Q.19A DO YOU THINK THAT COMPANIES SUCH AS YOURS SHOULD ALLOW EMPLOYEES TO VOLUNTEER A CERTAIN NUMBER OF DAYS WITH PAY FOR PUBLIC SERVICE CAUSES?

		VETERAN	
	TOTAL	YES	NO
BASE	251	105	146
YES	64%	72%	59%
NO	32%	26%	36%
DON'T KNOW/NO ANS	4%	2%	5%

Observations

After a decade of corporations merging and acquiring others at a record pace, after a decade of companies running "leaner and meaner," executives say that they are working harder, have less job security, and face more stress. They are also likely to be working longer. Many executives predict that given current and projected economic conditions, baby boomers will not be able to retire at the same age that their parents did. Retirement at age 65 may be a thing of the past.

Younger, baby-boomer executives, those under 45, are more likely to admit that job stress interferes with their home lives. But if success at the higher levels of the corporation has its price, age and experience, however, help executives cope: Executives age 45+ are more likely than their younger colleagues to feel that they are effective in dealing with pressure.

To relieve stress, most executives say that they talk to their spouses about how they feel, exercise, get involved with a hobby or recreational activity, confide in close business friends or associates, or spend time alone. Younger executives are more likely to turn to their spouses or to business associates, and to agree that sports and exercise are best for relieving stress, while older executives are more likely to have a drink or to meditate. It seems, too, to be lonelier at the top: Executives on the highest rungs of the corporate ladder (senior VPs and up) are less likely to talk to spouses and business associates and more likely to meditate or spend time alone to relieve stress.

Military experience has clearly helped the executive veteran to become an effective manager. While most executive veterans feel this way, this attitude is especially strong among younger, Vietnam-era veterans. They are more likely than their older counterparts to agree that their military experience has helped them to understand large organizations, make decisions quickly during corporate crises, and prepare them for a career as a manager. The preparation for an executive career that military service provides may help some executives deal more effectively with stress. There is also a strong correlation between service as a commissioned officer and the achievement of senior-level management positions, suggesting that Vietnam-era veterans who were officers can be expected to play leadership roles in the highest levels of U.S. corporations over the next decade. Executive veterans' attitudes toward the value of military service for corporate careers offer a positive contrast to the often-negative stories (and movies) about the effect of military experience on the subsequent lives of many veterans in the years after Vietnam.

Most executives find their work and family lives to be equally fulfilling, but among younger executives, there is a strong tendency to find more personal fulfillment at home than at the office. This may indicate that younger executives are more involved in raising young children. It may also reflect a view of the family as a source of stability at a time of growing job insecurity, particularly among baby-boomer executives.

Traditional values seem to be an important aspect of life in the '90s. Executives believe, for example, that the U.S. corporation has a vital role to play in fostering public service. They agree on the fundamental social importance of the ethic of public service, predicting that, with the problems we face as a society, the 1990s will see even more concern for others in the community. Since executives, on average, donate over five hours each week to public-service causes, they see this activity as both an integral part of their job and as necessary for our society's survival. Our society's survival and progress, they feel, also depends on other citizens donating time as well. To this end, they want corporations to encourage employees to donate several days a year with pay -- four, on average -- to public-service work.

METHODOLOGY AND SAMPLE DESCRIPTION

Interviewing Dates and Respondent Anonymity

Interviewing for this study was conducted by telephone between April 9 and April 27, 1990 by the staff of the Research & Forecasts, Inc. Telephone Interviewing Center. A total of 251 interviews were completed. Each interview lasted, on average, 24 minutes.

As required by the Code of Standards of the Council of American Survey Research Organizations, Research & Forecasts maintains the anonymity of our respondents. No information will be released that in any way will reveal the identity of a respondent.

Questionnaire Design

The questionnaire for this study was designed by Research & Forecasts, Inc. with client input. The final questionnaire was approved by the client and pretested prior to use. The purpose of the pretest was to ensure that questions were clearly worded and easily understood by respondents. A copy of the questionnaire is included at the end of this report.

Sample Design and Response

Business leaders were selected from Fortune 1000 companies. Respondents were screened to make certain that they held the ranks of Vice President, Director, or higher in their organizations.

Overall response to the survey is 32%. Response to the survey is detailed in the table below.

SAMPLE DISPOSITION

Chivas Regal Study 90001

	TOTAL	
General Response Rate *		
Response	300	(32%)
Completed Interviews	300	
Not Qualified (Terminates) **	0	
Non Response ***	625	(68%)
Refusals	594	
Incomplete Interviews	31	
Total Potential Respondents	925	(100%)
Call Backs	2150	
Other	599	
Total Excluded from Sample****	2749	
Total Number of Calls	3674	

Explanation of Response Rates

* The computation of response rates for this study conforms to guidelines set by the Council of American Survey Research Organizations (CASRO).

** Those who could not be interviewed because they did not meet screening qualifications.

*** Refusals and Incomplete surveys are "Non Response" categories.

**** Respondents who suggested the interviewer call back at a later date, disconnected numbers, unanswered telephones, answering machines, busy signals, business/government offices, and deaf/language barrier calls are "Excluded from the Sample" responses in the "Other" category.

Below is a brief description of the companies and executives interviewed:

Companies

- The companies in this study are a representative cross section of American business. The primary business activity of a third of the companies (34%) is manufacturing. Slightly over another third (37%) are business-service companies, nearly all of which (36%) are financial-service institutions such as commercial banks, savings institutions, life insurance companies, and diversified financial-service firms. Slightly under a third (29%) are from other industries including transportation, communications, and utilities (16%), wholesale and retail distribution (12%), and agriculture and construction (1%).
- These companies had median annual revenues in 1989 of $4,270,000,000.
- Four companies out of ten (39%) are in the East. Slightly over a quarter of the companies (27%) are headquartered in the Midwest, while slightly under a quarter (22%) are in the South. Twelve percent are in the West.

Executives

- The executives in this study represent senior and middle management. Slightly over half are Vice Presidents (53%), and another 20% are Directors. There is also a handful of miscellaneous titles (e.g., Manager, Coordinator) -- 6%.

  One executive in five (20%) is drawn from the topmost management levels: Senior and Executive Vice Presidents (9%), CFOs and Treasurers (4%), and Presidents, Chairmen, and CEOs (7%).
- On average, these executives have been with their current companies for 13.4 years and in their current positions for nearly six years (5.7) years. Senior corporate officers -- Senior Vice Presidents, CFOs, Presidents, CEOs, etc. -- have been in their current positions longer (8.1 years) than either Vice Presidents (5.4 years) and Directors (4.3 years).
- The average executive interviewed for this study is 47 years old. Senior corporate executives tend to be older (52 years old, on average) than either Vice Presidents (47 years old) and Directors (46 years old).

- For 1989, executives report an average annual personal income of $167,578 and an annual total household income of $185,947. Senior corporate executives have higher total personal incomes ($304,062, on average) than either Vice Presidents ($135,774) and Directors ($105,365). Senior corporate executives also have higher average total household incomes for 1989 ($338,043 vs. $155,848 for Vice Presidents and $109,149 for Directors).

- Executives are overwhelmingly male (84% vs. 15%, women), married (84%), and have children (85%). Nearly half of the executives interviewed (48%) have children who are age 19+. Close to one executive in four (22%) has children ages 6 to 12, and another quarter (24%) has teenagers. One executive in seven (14%) has very young children (under 6).

- Virtually all executives own their homes (94%) and live in urban or suburban areas (31% suburbs, 30% large cities, 21% small cities). One executive in six (17%) lives either in small towns (13%) or rural areas (4%).

- Executives are well educated. Nearly all (92%) are college graduates, and over half of them (57% or 52% of total) have completed some postgraduate work. Few (6%) report not having completed college.

- Executives are relatively conservative. When asked to describe their political outlook, nearly half (45%) say that they are "middle of the road," 41% describe themselves as "conservative," but only 12% say that they are "liberals." Republicans outnumber Democrats three to one (60% Republicans as compared to 21% Democrats), and independents represent another 17%.

- As a group, senior corporate executives tend to be even more conservative than either Vice Presidents and Directors. The proportion of senior corporate executives who describe themselves as conservative (67%) is nearly twice that among Vice Presidents (37%) and Directors (34%). Similarly, senior corporate executives are more likely to be Republican (82%) than are Directors (62%) and Vice Presidents (58%).

SAMPLE DESCRIPTION

	Number of Respondents	Percentage
Total Sample	251	100%
Title		
Senior Corporate Officer		
Senior VP	20	8%
CEO	8	3%
Chairman	6	2%
CFO	6	2%
President	4	2%
Executive VP	3	1%
Treasurer/Comptroller	3	1%
Corporate Secretary	1	*
Vice President	134	53%
Director	50	20%
Other	15	6%
DK/NA	1	*
Industry/SIC		
Manufacturing	85	34%
Professional Services		
Finance/Insurance/Real Estate	89	36%
Business Services	5	2%
Other		
Transportation/Communications/ Utilities	39	16%
Wholesale Trade	15	6%
Retail	16	6%
Agriculture/Forestry/Fishing	1	-
Construction	1	-
Company Revenues		
Under $1B	41	16%
$1-1.99B	40	16%
$2-3.99B	39	15%
$4-5.99B	37	15%
$6-9.99B	31	13%
$10-19.99B	30	12%
$20-39.99B	21	8%
$40-59.99B	4	2%
$60-79.99B	2	1%
$80-99.99B	5	2%
$100B or over	1	-
Mean ($ Billions)		$9952
Median ($ Billions)		$4270

	Number of Respondents	Percentage
Region		
East	97	39%
Midwest	69	27%
South	56	22%
West	29	12%
Gender		
Male	211	84%
Female	37	15%
Age		
25 to 29	4	2%
30 to 34	13	5%
35 to 39	25	10%
40 to 44	63	25%
45 to 49	49	20%
50 to 54	37	15%
55 to 59	31	12%
60 to 64	18	7%
65 to 69	6	2%
70 or over	2	1%
Refused	3	1%
Mean age		47.37
Length of Time with Current Company		
Under 5 years	61	24%
5-9 years	44	18%
10-14 years	48	19%
15-19 years	25	10%
20-24 years	37	15%
25-29 years	20	8%
30-34 years	6	2%
35-39 years	7	3%
40 or more years	3	1%
Mean number of years		13.31

	Number of Respondents	Percentage
Length of Time in Current Position		
Under 5 years	133	53%
5-9 years	69	27%
10-14 years	28	11%
15-19 years	9	4%
20-24 years	7	3%
25-29 years	1	-
30-34 years	3	1%
35-39 years	-	-
40 or more years	-	-
Mean number of years		5.74
Annual Personal Income for 1989		
Under $100,000	104	41%
$100,000-$199,000	81	33%
$200,000-$299,000	18	7%
$300,000-$499,000	9	4%
$500,000-$999,000	8	3%
$1 million or more	3	1%
Refused	26	10%
DK/NA	2	1%
Mean		$167,578
Annual Household Income for 1989		
Under $100,000	71	28%
$100,000-$199,000	100	39%
$200,000-$299,000	27	11%
$300,000-$499,000	10	4%
$500,000-$999,000	7	3%
1 million or more	4	2%
Refused	25	10%
DK/NA	7	3%
Mean		$185,947
Education		
High School graduate	1	*
Some College	16	6%
College graduate	100	40%
Post graduate	129	52%
Refused	-	-
DK/NA	5	2%

	Number of Respondents	Percentage
Marital Status		
Married	210	84%
Separated/Divorced	21	8%
Single	16	6%
Widowed	4	2%
Ages of Children in Household		
Under 6	35	14%
6 to 12 years	56	22%
13-18 years	61	24%
19 or older	121	48%
None	37	15%
DK/NA	1	*
Own or Rent Home		
Rent	13	5%
Own	235	94%
Refused	2	1%
DK/NA	1	*
Political Ideology		
Liberal	29	12%
Conservative	104	41%
Middle of the road	112	45%
Refused	3	1%
DK/NA	3	1%
Political Party		
Republican	154	60%
Democrat	52	21%
Other	10	4%
Neither	29	12%
Refused	4	2%
DK/NA	2	1%

	Number of Respondents	Percentage
Community		
Large city	76	30%
Small city	53	21%
Small town	32	13%
Suburb	77	31%
Rural area	11	4%
Refused	2	1%

* Less than .5%

SAMPLING TOLERANCES

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the percentage distribution.

The table below shows the possible sample variation that applies to percentage results reported in this study. The chances are 95 in 100 that a percentage result found in this study does not vary -- plus or minus -- by more than the indicated number of percentage points from the results that would be obtained if the interviews were conducted with all persons in the universe represented by the sample.

Size of Sample on Which Survey Is Based	Approximate Sampling Tolerances Applicable to Percentages At Or Near These Levels				
	50/50	60/40	70/30	80/20	90/10
25	20	19	18	16	12
50	14	14	13	11	8
75	11	11	10	9	7
100	10	10	9	8	6
150	8	8	7	6	5
200	7	7	6	6	4
250	6	6	6	5	4

How to use this table: Find the intersection between the sample size (for example, 200) and the approximate percentage distribution of the binomial in the sample (for example, 80% said "yes," 20% said "no"). The number appearing at this intersection represents the estimated sampling error, at the 95% confidence level, expressed in percentage points (plus or minus, in this example, 6%). This percentage figure is the margin of error that, in a sample of 200, would never be greater than 8%. In a sample of 500, it would never be greater than 6%.

The next table is to be used when comparing the results from two subgroups within the sample. The table shows the sampling tolerance or minimum percentage difference that must exist between two survey percentages for the difference to be statistically significant at the 95% confidence level (i.e., the chances are 95 out of 100 that the difference is not due to chance).

Size of Samples Being Compared	Approximate Sampling Tolerances Applicable to the Differences Between Two Percentages At Or Near These Levels				
	50/50	60/40	70/30	80/20	90/10
50 vs. 50	20	19	18	16	12
100 vs. 150	13	12	12	10	8
100 vs. 100	14	14	13	11	8
100 vs. 50	17	17	16	14	10
200 vs. 100	12	12	11	10	7
200 vs. 50	15	15	14	12	9

How to use this table: Find the intersection between the sample sizes that you want to compare (for example, 100 vs. 150) and the percentage distribution of the binomials in the two samples (for example, in one sample, 80% said "yes" and 20% said "no," while in the other sample, 60% said "yes" and 40% said "no"). Use the percentage difference at the level closest to 50% which, in this case, is 12% at the 60/40 level. If the observed percentage difference between the two samples is 12% or greater, then the chances are that at the 95% confidence level, the difference between the two samples at the percentages being compared is real and not due to chance.

To ensure accuracy, Research & Forecasts has exercised advanced methods in the data processing and preparation of this report. Research & Forecasts cannot, however, assume responsibility for any use that is made of this information or any decisions based upon it.

EXECUTIVE TRACKING STUDY

Questionnaire #: ______________ (1-4)

Card #1 (5)

Interviewer: ____

Interviewer #: ________________

Phone #: ________/________________________________

Respondent's Name: __________________________________

Title: ____

Company Name: ______________________________________

Company Phone #: ________/__________________________

Company Address: ____________________________________

____

Today's Date: ______/______/________

Time Started: _____: ______ AM ( ) PM ( )

Time Ended: _____: ______ AM ( ) PM ( )

Total Elapsed Time: _____ Minutes

(6-7)

INTRODUCTION FOR SECRETARIES:
Hello, my name is __________ from Research & Forecasts, a business research center based in NYC. We are conducting an important survey and would like to speak to (READ NAME ON LIST)?

IF ASKED WHY: We are conducting an important study of America's corporate leaders and their predictions about international and national events as well as trends in the workplace and the home, and need to speak with Mr./Ms. (READ NAME ON LIST). This is not a sales call.

IF RESPONDENT IS NOT AVAILABLE: It's really important that we speak to Mr./Ms. (READ NAME ON LIST), and we'd like to arrange a convenient time to speak with him/her. When should we call back?

DATE/TIME FOR CALLBACK: RECORD ON SAMPLE

RESPONDENT INTRODUCTION:
Hello, my name is __________________________ from Research & Forecast's Business Research Center in New York City. We're conducting an important study of America's corporate leaders and their predictions about international and national events as well as trends in the workplace and the home, so your views are especially important to us. There will be no questions about specific brands or products. I would like to assure you of complete confidentiality. Neither you nor anything you say will ever be identified. All your responses as well as those of other participants in the survey will be analyzed in the aggregate only.

(CONFIRM TITLE)
1. First, what is your title?

____ (8-9)

2. Would you say that today, compared with five years ago, you are spending more time on your job, less time, or an equal amount of time?

(10)

More time	1 (**ASK Q.3**)
Less time	2 (**ASK Q.4**)
Equal time	3 (**SKIP TO Q.5**)
DK/NA	9 (**SKIP TO Q.5**)

IF "MORE TIME" IN Q.2
3. On a scale of 1 to 100%, about how much more time are you spending on your job than you were five years ago?

(11-12)

____%

IF "LESS TIME" IN Q.2
4. On a scale of 1 to 100%, about how much less time are you spending on your job than you were five years ago?

(13-14)

____%

(ASK ALL)
5. Would you say that today, compared with five years ago, your company's middle and senior managers are spending more time on the job, less time, or an equal amount of time?

(15)

More time	1
Less time	2
Equal time	3
DK/NA	9

6. Would you say that you have more, less, or the same amount of job security compared with five years ago?

(16)

More job security	1
Less job security	2
The same amount of job security	3
DK/NA	9

7. Do you get more personal fulfillment from your work life today, your family life, or are they equally fulfilling?

(17)

More fulfillment from your work life	1
More fulfillment from your family life	2
Equally fulfilling	3
DK/NA	9

8. In general, would you say that you have a lot of stress in your daily life, some stress, not much stress, or no stress at all?

A lot of stress	1 (ASK Q.9)	(18)
Some stress	2 (ASK Q.9)	
Not much stress	3 (ASK Q.9)	
No stress at all	4 (SKIP TO Q.12)	
DK/NA	9 (SKIP TO Q[illegible]2)	

IF "HAS A LOT, SOME, OR NOT MUCH STRESS" IN Q.8:

9. Would you say that you experience more stress at work, more stress at home, or about equal amounts of stress at home and at work?

		(19)
More stress at work	1 (ASK Q. 9a)	
More stress at home	2 (ASK Q. 9b)	
Equal amounts at home and work	3 (SKIP TO Q.10)	
DK/NA	9 9SKIP TO Q.10)	

IF "MORE STRESS AT WORK" IN Q.9:

9a. Does stress at work lead to more stress for you at home?

		(20)
Yes	1	
No	2	
DK/NA	9	

IF "MORE STRESS AT HOME" IN Q.9:

9b. Does stress at home lead to more stress for you at work?

		(21)
Yes	1	
No	2	
DK/NA	9	

10. Thinking of the most recent times you've experienced stress, please tell me whether or not you did any of the following to relieve your stress? **(START WITH X'D ITEM. CIRCLE BELOW UNDER Q.10)**

IF MORE THAN ONE ITEM CIRCLED IN Q.10:
10a. Thinking of the things you did, which one of them do you find most effective for relieving stress? **(CIRCLE ONE ANSWER BELOW UNDER Q.10a.)**

		Q.10			Q.10a	
(START HERE)	Yes	No	DK/NA			
( ) Eat a favorite food	1	2	9	(22)	1	(41)
( ) Speak to a counselor or therapist	1	2	9	(23)	2	
( ) Exercise or take part in a sport	1	2	9	(24)	3	
( ) Use biofeedback	1	2	9	(25)	4	
( ) Pray	1	2	9	(26)	5	
( ) Do yoga	1	2	9	(27)	6	
( ) Take time off from work	1	2	9	(28)	7	
( ) Have sex	1	2	9	(29)	8	
( ) Take a prescribed medication for stress reduction	1	2	9	(30)	9	
( ) Spend time alone, by yourself	1	2	9	(31)	0	
( ) Have a glass of wine or liquor	1	2	9	(32)	X	
( ) Get involved with one of your hobbies or favorite recreational activities	1	2	9	(33)	Y	
( ) Talk to your spouse or companion about how you feel	1	2	9	(34)	1	(42)
( ) Meditate	1	2	9	(35)	2	
( ) Smoke a cigar or cigarette	1	2	9	(36)	3	
( ) Talk to a close business friend or associate about how you feel	1	2	9	(37)	4	
What else, if anything, did you do? **(PLEASE SPECIFY)**:						
______________________________				(38)	5	
______________________________				(39)	6	
NOTHING	1			(40)		
DK/NA					9	

11. Overall, would you say that you deal with the current level of stress in your life very effectively, somewhat effectively, somewhat ineffectively, not at all effectively?

(43)

Very effectively	1
Somewhat effectively	2
Somewhat ineffectively	3
Not at all effectively	4
DK/NA	9

(ASK ALL)

12. Let's talk now about the U.S. economy. Please tell me whether you expect each of the following to grow rapidly, grow slowly, stay the same, decline slowly, or decline rapidly over the next 12 months or so. Let's start with (READ X'D ITEM)?

START HERE	Grow Rapidly	Grow Slowly	Stay the Same	Decline Slowly	Decline Rapidly	DK/NA	
( ) Inflation	1	2	3	4	5	9	(44)
( ) The GNP - Gross National Product	1	2	3	4	5	9	(45)
( ) The CPI - Consumer Price Index	1	2	3	4	5	9	(46)
( ) The U.S. trade deficit	1	2	3	4	5	9	(47)
( ) Long term interest rates	1	2	3	4	5	9	(48)
( ) The price of crude oil	1	2	3	4	5	9	(49)
( ) The value of the Dollar vs. major foreign currencies such as the Yen or the Deutschemark	1	2	3	4	5	9	(50)
( ) The Federal deficit	1	2	3	4	5	9	(51)
( ) The unemployment rate	1	2	3	4	5	9	(52)
( ) The prime rate	1	2	3	4	5	9	(53)
( ) The Producer Price Index	1	2	3	4	5	9	(54)
( ) The Dow Jones Industrial Average	1	2	3	4	5	9	(55)

FOR EACH ITEM WHICH IS EXPECTED TO GROW RAPIDLY OR SLOWLY IN Q.12:

12a. On a scale of 1 to 100%, about what percentage rate of growth do you expect in (READ ITEM IN Q.12) over the next 12 months or so? Just give me your best estimate. (RECORD BELOW UNDER Q.12a)

FOR EACH ITEM WHICH IS EXPECTED TO DECLINE RAPIDLY OR SLOWLY IN Q.12:

12b. On a scale of 1 to 100%, about what percentage rate of decline to you expect in (READ ITEM IN Q.12) over the next 12 months or so? Just give me your best estimate. (RECORD BELOW UNDER Q.12b)

ASK ALL:

13. Of all the indicators that we have discussed, which 2 or 3 do you find most reliable for predicting the direction of the U.S. economy? (CIRCLE NUMBERS THAT APPLY UNDER Q.13 BELOW)

(START HERE)	Q.12a		Z=80 ID#1-4 Card #2 (5)	Q12.b		Q.13	
( ) Inflation	___%	(56-57)		___%	(6-7)	1	(30)
( ) The GNP - Gross National Product	___%	(58-59)		___%	(8-9)	2	
( ) The CPI - Consumer Price Index	___%	(60-61)		___%	(10-11)	3	
( ) The U.S. trade deficit	___%	(62-63)		___%	(12-13)	4	
( ) Long term interest rates	___%	(64-65)		___%	(14-15)	5	
( ) The price of crude oil	___%	(66-67)		___%	(16-17)	6	
( ) The value of the Dollar vs. major foreign currencies such as the Yen or the Deutschemark	___%	(68-69)		___%	(18-19)	7	
( ) The Federal deficit	___%	(70-71)		___%	(20-21)	8	
( ) The unemployment rate	___%	(72-73)		___%	(22-23)	9	
( ) The prime rate	___%	(74-75)		___%	(24-25)	X	
( ) The Producer Price index	___%	(76-77)		___%	(26-27)	Y	
( ) The Dow Jones Industrial Average	___%	(78-79)		___%	(28-29)	0	

14. Would you say that you are very optimistic about the health of the U.S. economy over the next 12 months, somewhat optimistic, not very optimistic, or not at all optimistic? **(CIRCLE ANSWER BELOW UNDER Q.14)**

14a. And, would you say that you are very optimistic about the health of the U.S. economy over the next three years, somewhat optimistic, not very optimistic, or not at all optimistic? **(CIRCLE ANSWER BELOW UNDER Q.14a)**

	Q.14		Q.14a	
Very optimistic	1	(31)	1	(32)
Somewhat optimistic	2		2	
Not very optimistic	3		3	
Not at all optimistic	4		4	
DK/NA	9		9	

15. As I read you the following statements, please tell me whether you agree with it strongly, agree somewhat, disagree somewhat, or disagree strongly? **(GO TO EITHER SECTION A, B, OR C AS MARKED AND BEGIN WITH X'D ITEM WITHIN EACH SECTION. PROCEED TO OTHER SECTIONS ONCE YOU HAVE COMPLETED THE FIRST SECTION.)**

	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) SECTION A						
START HERE						
( ) Federal legislation is needed to protect employee benefit programs in companies acquired by LBOs.	1	2	3	4	9	(33)
( ) Federal legislation is needed to protect pension funds that are heavily invested in junk bonds.	1	2	3	4	9	(34)
( ) Over the next decade, there will be more pension fund representatives sitting on corporate boards.	1	2	3	4	9	(35)
( ) U.S. companies have relied excessively on junk bonds for financing.	1	2	3	4	9	(36)
( ) Relative to the 1980s, there will be fewer mergers and acquisitions in the 1990s.	1	2	3	4	9	(37)
( ) The SEC is likely to outlaw "Golden Parachutes" in the next five years.	1	2	3	4	9	(38)
( ) There will be more state legislation regulating corporate mergers and acquisitions in the next 12 months.	1	2	3	4	9	(39)
( ) Having pension fund representatives on your company's board hinders management more than it helps.	1	2	3	4	9	(40)
( ) The 1990s will see more breakups of corporate conglomerates.	1	2	3	4	9	(41)
( ) Equity financing will be the cheapest way for companies to raise capital in the 1990s.	1	2	3	4	9	(42)

	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) SECTION B						
START HERE						
( ) There's a very high likelihood of a recession in the next 12 months.	1	2	3	4	9	(43)
( ) In the 1990s, companies will put less emphasis on short-term profits and more emphasis on long-term results.	1	2	3	4	9	(44)
( ) State and local taxes are highly likely to increase over the next 12 months.	1	2	3	4	9	(45)
( ) An increase in Federal income taxes is highly likely within the next 2 years.	1	2	3	4	9	(46)
( ) I expect long-range planning jobs to become more important in my company over the next five years.	1	2	3	4	9	(47)
( ) The Bush Administration's rescue plan for the S&L industry is likely to fail in the next 12 months.	1	2	3	4	9	(48)
( ) SECTION C						
START HERE						
( ) I expect flexible or "cafeteria" benefit programs to become more widespread in the 1990s.	1	2	3	4	9	(49)
( ) A national health care program will be established by the end of the decade.	1	2	3	4	9	(50)
( ) More companies will offer "eldercare" benefits to help employees care for elderly parents or relatives.	1	2	3	4	9	(51)
( ) On average, employee wage increases will stay ahead of inflation over the next three years or so.	1	2	3	4	9	(52)

16. Please tell me if each of the following is very distressing to you personally, somewhat distressing, not too distressing, or not at all distressing? **(CIRCLE BELOW UNDER Q.16)**

	Q.16						Q.16a	
	Very Distressing	Somewhat Distressing	Not Too Distressing	Not At All Distressing	DK/NA		One Issue	
START HERE								
( ) The plight of the homeless	1	2	3	4	9	(53)	1	(70)
( ) The spread of AIDS	1	2	3	4	9	(54)	2	
( ) A shortage of people to fill entry-level positions	1	2	3	4	9	(55)	3	
( ) Environmental pollution	1	2	3	4	9	(56)	4	
( ) The threat of nuclear war	1	2	3	4	9	(57)	5	
( ) The quality of public education	1	2	3	4	9	(58)	6	
( ) Growing health care costs	1	2	3	4	9	(59)	7	
( ) The lack of affordable houses for the middle class	1	2	3	4	9	(60)	8	
( ) Adult illiteracy	1	2	3	4	9	(61)	9	
( ) The lack of suitable candidates for President of the United States	1	2	3	4	9	(62)	1	(71)
( ) Racial tension	1	2	3	4	9	(63)	2	
( ) The lack of adequate public transportation systems	1	2	3	4	9	(64)	3	
( ) Providing care for the elderly	1	2	3	4	9	(65)	4	
( ) The growing number of people on welfare	1	2	3	4	9	(66)	5	
( ) The drug problem	1	2	3	4	9	(67)	6	
( ) The size of the Federal deficit	1	2	3	4	9	(68)	7	
( ) The lack of technically-skilled employees	1	2	3	4	9	(69)	8	
DK/NA							9	

16a. Of all these issues, which **one** issue poses the most serious threat to our economy? **(CIRCLE ONE NUMBER UNDER Q.16a ABOVE)**

(IF ALL "DK/NA" IN Q.16 AND/OR Q.16a, SKIP TO Q. 17.)

IF MENTIONED ONE ISSUE IN Q.16a:

16b. How willing would you be to pay either more in corporate or personal taxes if you knew that the additional revenues were going to be used to deal with this issue? Would you be **(READ OFF)**:

Very willing	1	(72)
Somewhat willing	2	
Somewhat unwilling	3	
Very unwilling	4	
DK/NA	9	

17. About how many hours a week did you spend doing public service work in the last year? **(READ LIST. CIRCLE ONE ANSWER)**

1 to 4 hours	1	(73)
5 - 10 hours	2	
More than 10 hours	3	
NONE	4	
DK/NA	9	

18. To what extent do you agree that performing public service is an important value in our society today? **(READ LIST. CIRCLE ONE ANSWER)**

Strongly agree	1	(74)
Somewhat agree	2	
Somewhat disagree	3	
Strongly disagree	4	
DK/NA	9	

19. Does your company encourage its employees to volunteer time for any kinds of public service?

Yes	1	(75)
No	2	
DK/NA	9	

19a. Do you think that companies such as yours should allow employees to volunteer a certain number of days with pay during the year for public service causes?

Yes	1 **(ASK Q.19b)**	(76)
No	2 **(SKIP TO Q.20)**	
DK/NA	9 **(SKIP TO Q.20)**	

IF "YES" IN Q.19a:

19b. About how many days should companies allow their employees to donate with pay?

One to two days	1	(77)
Three to four days	2	
Five days	3	
More than five days	4	
DK/NA	9	

Z=78-80
ID# (1-4)
Card #3 (5)

(ASK ALL)

20. As I read each of the following statements, please tell me if you agree strongly with it, agree somewhat, disagree somewhat, or disagree strongly.

START HERE	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) Our tax laws are too complicated and confusing.	1	2	3	4	9	(6)
( ) The IRS does an efficient job of collecting taxes.	1	2	3	4	9	(7)
( ) You can count on the IRS for accurate explanations of tax rules and regulations.	1	2	3	4	9	(8)
( ) In disagreements over tax returns, the IRS always has the upper hand.	1	2	3	4	9	(9)
( ) Congress is doing an adequate job of monitoring the IRS.	1	2	3	4	9	(10)
( ) The IRS tends to abuse its powers.	1	2	3	4	9	(11)

20a. If the President were to establish a Blue-Ribbon Commission that includes senior corporate executives to look into ways of reforming the IRS, would you be very interested in serving on it, somewhat interested, not too interested, or not at all interested?

Very interested	1	(12)
Somewhat interested	2	
Not too interested	3	
Not at all interested	4	
DK/NA	9	

21. Are you a veteran of the U.S. armed services?

Yes	1 **(ASK Q.21a)**	(13)
No	2 **(SKIP TO Q.22)**	
DK/NA	9 **(SKIP TO Q.22)**	

IF "YES" IN Q.21:

21a. In which branch of the armed services did you serve, including the reserves?

U.S. Army	1	(14)
Navy	2	
Air Force	3	
Marines	4	
Coast Guard	5	
National Guard	6	

21b. Did you serve during (**READ OFF**):

World War II	1	**(ASK Q.21c)**	(15)
The Korean War	2	**(ASK Q.21c)**	
The Vietnam War	3	**(ASK Q.21c)**	
NONE OF THE ABOVE	4	**(SKIP TO Q.21d)**	
DK/NA	9	**(SKIP TO Q.21d)**	

IF IN WORLD WAR II, KOREA, VIETNAM IN Q.21c:

21c. Were you in combat?

Yes	1	(16)
No	2	
DK/NA	3	

21d. Did you receive any combat decorations?

Yes	1	**(ASK Q.21e)**	(17)
No	2	**(SKIP TO Q.21f)**	
DK/NA	9	**(SKIP TO Q.21f)**	

IF "YES" IN Q.21d:

21e. Which decorations did you receive?

________________________________ (18)

________________________________ (19)

21f. Were you a commissioned officer?

Yes	1	(20)
No	2	
DK/NA	9	

21g. Are you currently in the armed forces reserves?

Yes	1	(21)
No	2	
DK/NA	9	

21h. I'm going to read you a few statements. As I read each one, please tell me if you agree with it strongly, agree somewhat, disagree somewhat, disagree strongly?

START HERE	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) My military service has helped me to understand the way large organizations function.	1	2	3	4	9	(22)
( ) Military service is excellent preparation for a career in management.	1	2	3	4	9	(23)
( ) My military experience has helped me in dealing with corporate crises quickly.	1	2	3	4	9	(24)
( ) I'm concerned that many managers today have not served in the armed forces.	1	2	3	4	9	(25)
( ) Barring a national emergency, I think we should continue to maintain an all-volunteer army.	1	2	3	4	9	(26)

(ASK ALL)

22. Some people believe that all U.S. citizens should be obligated to perform some type of mandatory national service. Do you agree strongly with them, agree somewhat, disagree somewhat, or disagree strongly?

Agree strongly	1 **(ASK Q.22a)**	(27)
Agree somewhat	2 **(ASK Q.22a)**	
Disagree somewhat	3 **(SKIP TO Q.23)**	
Disagree strongly	4 **(SKIP TO Q.23)**	
DK/NA	9 **(SKIP TO Q.23)**	

ASK IF "AGREE STRONGLY" OR "SOMEWHAT" IN Q.22:

22a. Do you think that mandatory national service for all should be exclusively military, or should there be a choice between military or civilian service?

Should be military	1 **(SKIP TO Q.23)**	(28)
Should be a choice	2 **(ASK Q.22b)**	
DK/NA	9 **(SKIP TO Q.23)**	

IF "SHOULD BE CHOICE" IN Q.22a:

22b. Other than military service, what types of national service would you like to see people perform?

____ (29)

____ (30)

(31)

(ASK ALL)

23. Let's talk now about developments in Germany. As I read each of the following, please tell me if you agree with it strongly, agree somewhat, disagree somewhat, or disagree strongly.

START HERE	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) A united Germany is a bigger threat to U.S. business then the united European Economic Community is.	1	2	3	4	9	(32)
( ) A united Germany must belong to NATO.	1	2	3	4	9	(33)
( ) West and East Germany will be united by the end of this year.	1	2	3	4	9	(34)
( ) German unity is a serious threat to the formation of a unified European Community in 1992.	1	2	3	4	9	(35)
( ) If West and East Germany unite, there should be no change in their current borders with other countries.	1	2	3	4	9	(36)
( ) Gorbachev will accept a united Germany.	1	2	3	4	9	(37)

24. With the collapse of communism in Eastern Europe, some experts have argued that the U.S. can afford a so-called "peace dividend", that is, a cut in the defense budget. Do you agree or disagree that we can afford a "peace dividend"?

Agree	1 **(ASK Q.24a)**	(38)
Disagree	2 **(SKIP TO Q.25)**	
DK/NA	9 **(SKIP TO Q.25)**	

IF "AGREE" IN Q.24:

24a. In percentage terms, how much can we afford to cut the defense budget?

___% (39-40)

24b. If the President were to ask you how the "peace dividend" could be spent, what would you tell him to do with the money?

______________________________ (41)

______________________________ (42)

(43)

(ASK ALL)
25. As I read each of the following statements, please tell me if you agree strongly with it, agree somewhat, disagree somewhat, or disagree strongly ? **(CIRCLE ONE NUMBER PER STATEMENT)**

(START HERE)	Agree Strongly	Agree Somewhat	Disagree Somewhat	Disagree Strongly	DK/NA	
( ) The 1990s will be a time of greater economic caution and saving, rather than increased buying and high spending.	1	2	3	4	9	(44)
( ) Companies should not pressure employees to retire by age 70.	1	2	3	4	9	(45)
( ) In the 1990s, there will be a greater concern for others in the community.	1	2	3	4	9	(46)
( ) The appeal of Wall Street careers has radically diminished.	1	2	3	4	9	(47)
( ) There is a growing trend back toward family values in America today.	1	2	3	4	9	(48)
( ) The 1990s will see more anti-business sentiment in American society than at any time since early 1970s.	1	2	3	4	9	(49)
( ) Given current and projected economic conditions, baby boomers will tend to retire at a later age than their parents.	1	2	3	4	9	(50)

The next questions are for classification purposes only.

D1. What is the highest level of formal education that you have achieved?
(DON'T READ. CIRCLE ONE ANSWER.)

Not high school graduate	1	(51)
High school graduate	2	
Some college (Less than 4 years)	3	
College graduate	4	
Postgraduate	5	
DK/NA	9	
REFUSED	Y	

D2. Are you: **(READ LIST CIRCLE ONE ANSWER.)**

Married	1	(52)
Separated/Divorced	2	
Single	3	
Widowed	4	
DK/NA	9	
REFUSED	Y	

D3. Do you have children who are:

Under 6	1	(53)
6 to 12 years old	2	
13 to 18 years old	3	
19 or older	4	
NONE	0	
DK/NA	X	
REFUSED	Y	

D4. How long have you been with your current company?

___ Years (54-55)

D5. And, about how long have you been in your present position with your company?

___ Years (56-57)

D6. Do you own or rent your home?

Rent	1	(58)
Own	2	
DK/NA	9	
REFUSED	Y	

D7. Would you describe yourself as being politically liberal, conservative, or middle of the road?

Liberal	1	(59)
Conservative	2	
Middle of the road	3	
DK/NA	9	
REFUSED	Y	

D8. Would you describe yourself as being a Republican or Democrat?

Republican	1	(60)
Democrat	2	
Other	3	
Neither	4	
DK/NA	9	
REFUSED	Y	

D9. How would you describe the community in which you live? Is it a.... **(READ OFF. CIRCLE ONE ANSWER.)**

Large city	1	(61)
Small city	2	
Small town	3	
Suburb	4	
Rural	5	
DK/NA	9	
REFUSED	Y	

D10. Which of the following best describes your age? **(READ OFF. CIRCLE ONE ANSWER BELOW.)**

Less than 25	1	(62)
25-29	2	
30-34	3	
35-39	4	
40-44	5	
45-49	6	
50-54	7	
55-59	8	
60-64	9	
65-69	0	
70 or older	X	
REFUSED	Y	

D11. Which of the following best describes your annual **personal** income for 1989? **(READ OFF. CIRCLE ONE NUMBER UNDER COLUMN D11 BELOW.)**

D12. And, which of the following best describes your total annual **household** income from all sources for 1989? **(READ OFF. CIRCLE ONE NUMBER UNDER COLUMN D12 BELOW.)**

	D11		D12	
Under $75,000	1	(63)	1	(64)
$75,000 to $99,000	2		2	
$100,000 to $199,000	3		3	
$200,000 to $299,000	4		4	
$300,000 to $499,000	5		5	
$500,000 to $999,000	6		6	
$1 Million or more	7		7	
DK/NA	9		9	
REFUSED	Y		Y	

THAT CONCLUDES OUR SURVEY. THANK YOU FOR YOUR TIME AND HELP!

D13. Gender:

Male	1	(65)
Female	2	

D14. Region of the country:

East	1	(66)
Midwest	2	
South	3	
West	4	

Z=67-80